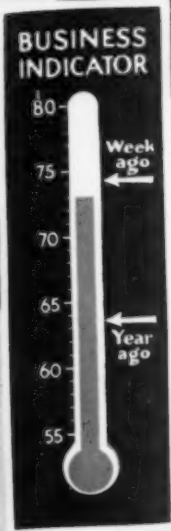


MAY ONE 6
1936

JUN 8 1936

BUSINESS WEEK



McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

CENTENNIAL ★ CELEBRATIONS

BERLOY *Tailored Steel..*



• Investigate BERLOY Wedge-Lock Shelving. Its patented features permit more convenience, economy, heavy loading and rough treatment than any other type of shelving. Hundreds of convenient combinations are possible with Wedge-Lock Shelving, to meet the varying requirements of every type of business and industry. Full details on request.

BUILDS STURDY SHELVING FOR EVERY STORAGE PURPOSE

• BERLOY stock-room equipment, steel shelving, bins and display units greatly reduce stock-handling and inventory costs. Can be quickly, easily adapted to carry anything from cotter pins to large castings, patterns or flat stock. Saves time, labor and expensive floor space. Quick deliveries. Without charge, a Berloy shelving engineer will help you solve your storage and display problems. Write today.



BERLOY

BERGER TAILORED STEEL PRODUCTS SERVE THE WORLD



STEEL LOCKERS

Scientifically designed, handsomely finished—strong, rigid, durable—built for a lifetime of heavy service. Offer a comprehensive group of features that permit accurate and economical adaptation of BERLOY Lockers to ALL your clothing storage requirements.



STEEL FURNITURE

Outstanding for its utility, fine appearance and great durability. Desks, cabinets, cases, files, wardrobes, shelf units, etc., available in wide range of sizes, types and finishes to meet every office layout requirement.



SPECIAL STEEL FABRICATING JOBS

For 50 years, Berger has specialized in the design and production of sheet metal products for manufacturers. BERLOY engineers offer wide experience, expert knowledge of design and unexcelled facilities for the complete fabrication of sheet metal.

THE BERGER MANUFACTURING CO. • CANTON, OHIO



Division of
REPUBLIC STEEL CORPORATION

When writing The Berger Manufacturing Co. for further information, please address Department BW.



UP 2,434% IN FOUR SHORT YEARS.

PLYMOUTH'S RECORD IN TEN OF THE COUNTRY'S BIGGEST FLEETS



Plymouth's Exclusive Economy Features Cut both Operating and Upkeep costs in Hardest Business Service

THINGS LIKE THIS don't "just happen"...not with large fleet operators who keep accurate records on every operating cost. They *know* Plymouth saves money on gas, oil, tires, upkeep...and time.

That's what the car is engineered and built to do. "Look at All Three" leading low-priced cars. You'll see only Plymouth has all these great economy features: 6-cylinder "L-head" engine simplicity and economy...powerful high-compression (6.7-1) using regular gas...engine oil filter...full-length water jackets, directional circulation and calibrated ignition.

Owners' records show 18 to 24 miles per gallon of gas...phenomenally low oil consumption...lowest upkeep costs of any low-priced car.

You'll find, too, that only Plymouth, of "All Three," has both Safety-Steel body and Hydraulic brakes.

Priced With the Lowest!

Today "All Three" are priced about alike...compare prices and features before buying any fleet or individual cars. See any Chrysler, Dodge or De Soto dealer. Get Plymouth's lower transportation costs for your field men.

PLYMOUTH DIVISION OF CHRYSLER CORP.



BUILT TO STAND UP under the most punishing work...and the safest of all low-priced cars!

\$510

AND UP, LIST AT FACTORY, DETROIT
SPECIAL EQUIPMENT EXTRA

PLYMOUTH BUILDS GREAT CARS

Balanced AIR CONDITIONING

A GENERAL ELECTRIC Air Conditioning installation is always a well-balanced installation. *First*—because it includes the use of precision-built equipment. And *secondly*—because it is correctly applied by competent air conditioning engineers.

For many, many years General Electric has been making motors, automatic controls, refrigerating, heating and air handling equipment—the component parts of an air conditioning system. And these time-tested products have definitely demonstrated inherent qualities of worth and leadership.

Furthermore—no other air conditioning system has the backing of such a vast engineering and research organization.

Those are the reasons why a General Electric Air Conditioning system costs less to operate—costs less to own. Those

are the reasons why a General Electric installation is always a dependable, harmonious, *well-balanced* installation.

For complete facts about General Electric Air Conditioning, consult with the G-E Air Conditioning dealer in your city. You can trust his equipment because it is G-E made. You can trust his engineering skill because he is G-E trained.

Phone the General Electric dealer to-day—or mail the coupon below for helpful, informative booklet.

GENERAL ELECTRIC CO.
Air Conditioning Dept., Div. 52355
Bloomfield, New Jersey

Please send me, without cost or obligation, the latest booklet on G-E Air Conditioning.

Name.....

Street Address.....

City and State.....

GENERAL ELECTRIC

AIR CONDITIONING

RESEARCH KEEPS G-E YEARS AHEAD!

New Business

CORRESPONDENCE schools have the business of coupon advertising in magazines down to a virtual science. Years of checking results have given them voluminous records on the various importance of such factors as size of coupon, position, copy theme, illustrative emphasis, media. Last week, International Correspondence Schools added to lore of the craft when it tried out using two business reply cards instead of the traditional solitaire in a single ad. Returns, according to Paul V. Barrett, Advertising Director, eclipse all previous records—four times the number received from any previous comparable insertion.

NOT considering coupon returns simply as an end in themselves but rather as a possible index of advertising's whole effectiveness, Harold J. Rudolph has just compiled an exhaustive analysis of "Four Million Inquiries from Magazine Advertising"—supposed to be the biggest study of its kind—and Columbia University Press has published it (at \$5.00 a copy). Size of advertisement, copy block, and illustration, length and depth of headline, use of color and coupon, position in the medium, its characteristics, seasonal influences, and cumulative effect are among the factors weighed. George Gallup wrote the introduction to this volume which attempts to appraise the validity of coupon returns as a measure of individual performance.

FLAVORED gin is producing business for the Wine Products Co. of San Francisco. It is marketed in strawberry, lemon, orange and pineapple. Salesmen report that some consumers like it straight, others as a basis for mixed drinks.

HOUSE trailers are becoming increasingly popular. American Automobile Association (now the only "AAA") estimates that 100,000 persons have given up permanent homes to live on wheels, that this 1936 tourist season will see nearly a million of us leading the lives of gypsies. Trailer manufacturers are helping the trend along with alluring new models.

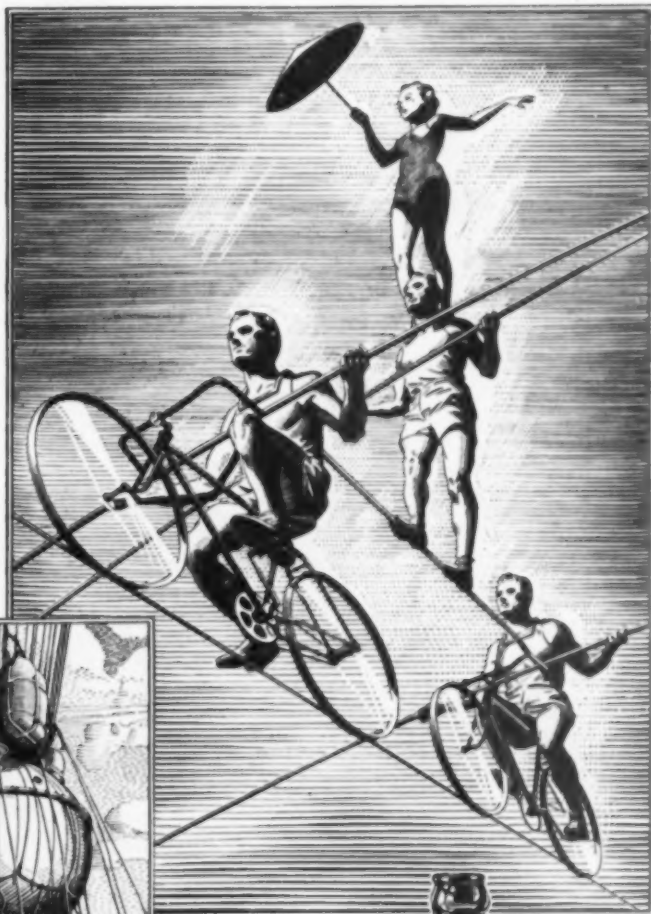
OUT of a flood of rumors on corporation plans to go into Southern pulp and paper production, *The Paper Mill* has sifted the fact that plans have been completed for three new kraft pulp and paper mills below the Mason and Dixon Line—one for the Container Corp. at Fernandina, Fla., one for the West Virginia Pulp & Paper Co. at Charlestown, S. C., one for the Meade Corp., acting in a management capacity for the estate of the late Alfred duPont at Port St. Joe, Fla.

THE Western Association of Railway Executives last week took an inventory of bookings and found that its summer business was going to be at least 10% higher than last year with some roads reporting 35% to 40% gains. R. Thomson, passenger traffic manager of the Chicago & North Western, expects the best record since 1930. H. W. Siddall, chairman of the Western Passenger Association, looks for a 20% increase over 1935. George B. Haynes, passenger traffic

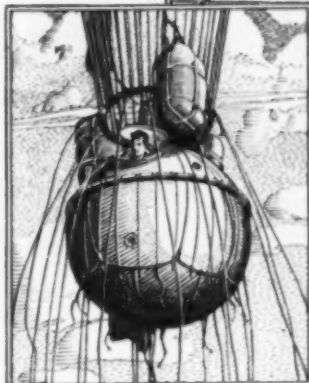
BUSINESS WEEK (with which is combined The Magazine of Business) June 8, 1936, No. 353. Published weekly by McGraw-Hill Publishing Company, Inc., 228 West 42nd Street, New York, N. Y. James H. McGraw, Jr., Chairman; Malcolm Muir, President; James H. McGraw, Honorary Chairman; Glenn Griswold, Vice-President and Editor; R. R. Putnam, Treasurer; D. C. McGraw, Secretary. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; 25c per copy. Entered as second-class matter February 15, 1936, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1936 by McGraw-Hill Publishing Company, Inc.

No Balance...No Beer!

Brewing, like cake-making and biscuit-baking, is really a matter of knowing how to balance the ingredients. It's just too bad for the beer, the cake or the biscuits if the ingredients are out of balance. It takes skill and experience to bake cakes or biscuits that guests rave about. It takes skill and experience to make Budweiser—the beer that guests rave about. Of course, the Budweiser process is exclusively ours. If it were not, there would be lots of beers like Budweiser. As it is, only Budweiser tastes like Budweiser.



Venison...bass...mallard! Name your favorite game for dinner! We've already named the beer for you... Budweiser. Because Budweiser brings out the fine flavors of good food, it makes good food taste better. How about another bottle!



Air is vital to life inside the cabin of a stratosphere balloon—but it's an enemy of beer—inside the bottle. Every drop of Budweiser comes to you with all its original goodness protected in every way. Air, for example, has been taken out of each bottle through a process developed at great expense in the Home of Budweiser.



**Only
Budweiser
tastes like
Budweiser**



Budweiser

KING OF BOTTLED BEER

A N H E U S E R - B U S C H

• S T . L O U I S

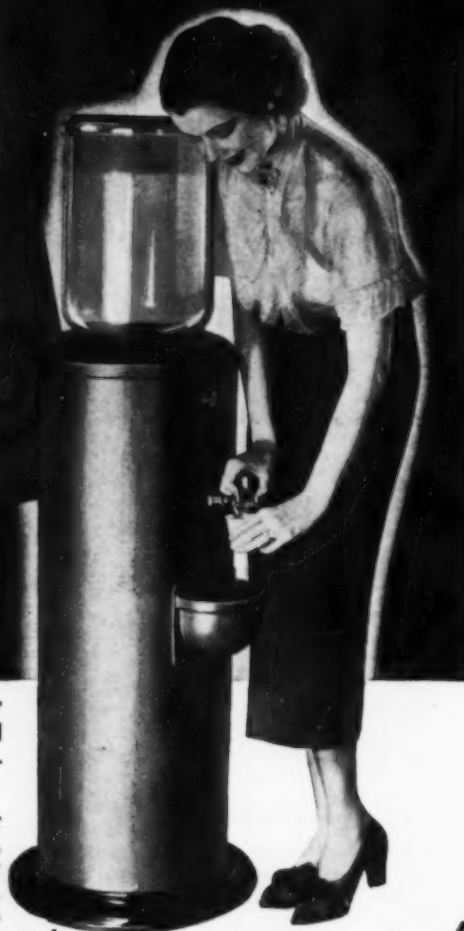
**Order a carton for your home—
NO DEPOSIT REQUIRED—Be pre-
pared to entertain your guests.**

NEW LOW PRICE

Frigidaire

WATER COOLER

15¢ A DAY
BUYS IT
as little as
2¢ A DAY
RUNS IT!



Have cool, refreshing water in your office . . . conveniently near, and always just the right temperature—for health and satisfaction.

● Frigidaire's new water cooler provides an abundance of cool, sparkling water at an amazingly low cost. Actually less than ice. 15¢ a day buys it . . . as little as 2¢ a day runs it. Just the price of a pack of cigarettes and a postage stamp. It offers revolutionary features of design, operation and economy never before available at such low cost . . . Unusual sanitary provisions, outstanding advantages of convenience and construction, and low-cost cooling by the famous Meter-Miser cold-making unit . . . Made for bottled

Costs less than ice!

water or city pressure connection.

It will pay to learn more about this cooler. For details and descriptive folder, see your local Frigidaire dealer or write Frigidaire Corporation, Dept. 62-61, Dayton, Ohio.

Drink more Water! FOR BETTER HEALTH • GREATER EFFICIENCY



manager of the Chicago, Milwaukee & St. Paul, reported passenger business for the first three months of 1936 up 33% from the comparable 1935 record, expects the biggest year since 1926.

J. L. KEESHIN, president of the Keeshin Transcontinental Freight Lines, has announced that he will build in Chicago and have operating within three months the world's largest motor freight terminal. Site will be close to railroad lines with which Mr. Keeshin is working on rail-truck coordinated service. Loading platform will be large enough to spot 268 trailers at the same time.

SURE sign of the new appreciation in business of the importance of public relations is the appointment of J. Carlisle MacDonald, newspaper man of long experience, as assistant to Chairman Myron C. Taylor to handle public relations for the United States Steel Corp. He has no predecessors in his post.

BEFORE he had a broadcasting system, William Paley of Columbia had a place to house it. The building at 485 Madison Ave. in New York City was just going up in 1929 when his vision of another chain was beginning to bud; so he gambled on the prospects and signed a long-term lease to have the necessary special facilities built in. Now CBS has outgrown those accommodations (and two Broadway theaters) and the lease expires in 1939. For a year CBS has been looking for a site on which to build a structure of its own. It's apparently found one now—on the southeast corner of 59th St. and Park Ave. Again looking ahead, Mr. Paley plans to make provision for commercial television studios—if, as, and when they'll be needed.

DALLAS, TEX., department stores are making electrical appliance selling a notable feature of their Centennial drive for business. All the large ones have recently taken exclusive appliance dealerships with separate retail outlets in different parts of the city.

ACCORDING to Department of Commerce figures, it costs more to cart four boxes of grapefruit across Manhattan Island than it does at carload rate to ship a box from Florida to New York by rail.

AUTOCAR Co. is proud of a system of handling branch managers which allows them more than usual latitude in policy-making. Robert P. Page, Jr., president of the company, summed up its philosophy for the National Federation of Sales Executives at that organization's St. Louis convention last week. "It is easier," he said, "to adopt the 'military method,' have the chief executive sit in his central office, formulate all plans and policies and then order them into effect . . . but in proportion as the product is highly specialized, mechanically intricate and of high price and narrow market, the success of the enterprise is more positive assured if it rests on the broader base of the free judgment of a large number of trained and capable men who are in direct contact with the market."

ALL the industries for which new business raises credit problems—which is just about all the industries—will listen in on the discussions of the Credit Congress of Industry which, at Richmond, Va., June 8-12, closes the fortieth year of the National Association of Credit Men.

PUBLIC utilities are taking every opportunity to wet the powder of their critics. Commonwealth & Southern is going so far as to erase from its charter the right to engage in activities that have raised targets for critics. Stockholders on June 17 will vote on amend-

No eye has ever seen the thing that makes a *Motor Car* great

YOU CAN TELL, merely by looking at a car, whether it has style and beauty. You can examine the upholstery—you can lift up the hood and look at the motor.

But no eye has ever seen the thing that makes a car truly great!

It isn't workmanship alone, nor the materials that go into the manufacture of an automobile. It is neither beauty, nor safety, nor power. It is apart from all these things—yet vitally, inseparably, a part of them.

It is Unseen Value.

You do not pay for it. You do not, as a rule, take it into consideration when you buy a car. Yet it is infinitely more important to you and to your family than the iron, glass, steel of which a car is made—the power, beauty and other *visible*, familiar qualities which everyone has a right to expect in the car of today.

What Is Unseen Value?

The meaning of Unseen Value can be summed up in a single word—*genius*. The genius of scientists, inventors, engineers whose ideal is simply and clearly to *make better cars*. Upon them depends the character of the organization behind the car. Upon their efforts depends the Unseen Value of the car you buy.

Fundamentally all cars are alike. They have wheels, axles, gears, motors, brakes. One car may be a coupe, another a sedan. One may have six cylinders and be painted blue, another may have eight cylinders and be painted green. It

is only when you look beyond the assembling line and search for the impelling aims and ideals of the organization, that you realize the Unseen Value of the car you are buying.

The Exceptional Unseen Value of Chrysler-built Cars

Those who drive Chrysler-built cars know well the meaning of Unseen Value. They know the pride and confidence that go with ownership of a Plymouth, Dodge, De Soto,

Chrysler. For these four famous cars possess Unseen Value to an *exceptional degree*. It has always been the ideal of the Chrysler Corporation to improve cars in every possible way, and to keep improving them. Because of devotion to this ideal, because it has refused to be interested only in the ordinary manufacture and sale of cars, Chrysler Corporation has grown in a few brief years from a humble beginner to a vast industry providing a livelihood for almost half a million people.

Today about *every fourth car sold* is a Chrysler-built car. People have been quick to recognize the Unseen Value of the Plymouth, Dodge, De Soto, Chrysler—the Unseen Value of Dodge Trucks and other Chrysler products. Of all American motor manufacturers, Chrysler Corporation alone exceeded in 1935 its rate of production for the boom year of 1929.

Consider Unseen Value when you buy a car. Consider the *exceptional* Unseen Value of the famous cars and trucks built by Chrysler.

BEFORE BUYING A CAR —ASK YOURSELF THESE 6 QUESTIONS

1. *Has it proper weight distribution?*
2. *Has it genuine hydraulic brakes?*
3. *Is it economical to run?*
4. *Has it floating power?*
5. *Has it safety-steel body?*
6. *Does it drive easily?*

ONLY CHRYSLER-BUILT
CARS HAVE ALL SIX

*Chrysler
Corporation*

DE SOTO
CHRYSLER
PLYMOUTH
DODGE
PASSENGER CARS AND TRUCKS

Chrysler Marine and Industrial Engines • Airtemp—Air Conditioning

YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION



"HOLD-OVER"

● BLUE PRINTS are a "hold-over" from a bygone day. Hard to read, hard to check, they are out of tune with modern progress. That explains the nation-wide acceptance of Bruning BLACK AND WHITE Prints . . . true black-line prints that you can make even faster than blue prints!

Whether you use them in the shop, in the field or in sales work, BW Prints give you worth-while advantages. Coal-black lines on white backgrounds make everything instantly clear, eliminating confusion and mistakes. White backgrounds, too, make checking easy. The simplicity and speed with which BW Prints are produced—directly from the tracing without washing or drying—saves time and money in your print room.

BW developing machines, for use with your blue print machines, are available in various types and sizes to meet any requirement. Investigate BW for YOUR business. Get the complete facts about this amazing black-line direct printing process.

BRUNING

Since 1897 — Leading the field today in sensitized papers, reproduction processes, drawing material and drafting room equipment.

Charles Bruning Co., Inc.
102 Beale Street, New York, N. Y.
Gentlemen: Please send me your FREE illustrated booklet, "Prints for Today."

Name
Company
Address
City State 663

New York • Chicago • Detroit • Boston • Newark • St. Louis
Pittsburgh • Los Angeles • San Francisco • Milwaukee

ments voiding this company's power to invest in management or service companies, to do engineering or purchasing for subsidiaries, to underwrite or otherwise deal in securities of its affiliates.

GRUNOW is at it again, and other electric refrigerator manufacturers are wondering how much longer the bad boy of the industry is going to bedevil the business with scare copy. First insertion in its new campaign, extolling the virtues of its carrene "super-safe refrigerant," appears in the *Electric Refrigeration News*, and the *News* takes two editorial columns to denounce it. Even though Grunow says this advertising is intended only for the trade, other manufacturers are afraid consumer copy will be tinged with a kindred appeal, and will reflect unfairly on all other makes—"unfairly" because all modern self-contained models are safe, and the charges of asphyxiation danger which go back to one or two troubles with the old style of multiple-refrigerating systems for apartment houses are no longer applicable. Incidentally, most common type of refrigerant is SO₂, whose smell would broadcast a warning a mile off, and Frigidaire has just introduced a new harmless, colorless, tasteless, odorless substance, known to the trade as "114," which is not only fireproof but fire-quenching. You can drink it, and fish can swim in it, both unharmed.

UNTIL recently built-up coal-tar pitch roof construction was used chiefly on flat roofs, because it could be applied evenly only to level or nearly level surfaces. Now the Barrett Co. offers "Steep Roof Pitch," for steep incline roofs, which permits the use of built-up gravel or slag surface roofing on roofs with inclines up to six inches in a foot.

CHARLES R. GAY, president of the New York Stock Exchange, refers to the Detroit Economic Club as a logical "corollary" to the automotive industry's "spread of production" plan. After saying, "We would be highly gratified if we could learn that measures similar to those undertaken by the motor car makers were being introduced in many other corporate directions," he added, "The corollary of evenly distributed production would be fairly consistent purchase and consumption of goods of many kinds."

EFFICIENCY methods aimed at by management are often shot at by labor solely because labor misunderstands their purpose and value. So this year the American Management Association has wisely awarded its Henry Laurence Gantt gold medal to a man who has notably emphasized the importance of preparing "a suitable background in the attitudes of all ranks of an organization toward methods for increasing efficiency." The man is Morris E. Leeds; the organization, Leeds & Northrup Co., of which he is president.

ASSOCIATION OF AMERICAN RAILROADS has ratified the cooperative magazine advertising campaign proposed by its board of directors. Western roads aren't satisfied with that and, through the Western Association of Railway Executives, have agreed to assess themselves amounts equal to what they are contributing to the national drive to be used in a newspaper campaign. The \$900,000 fund for the magazine campaign will be turned into advertising space by Arthur Kudner, Inc.

K. L. AMES, JR., finance director of the state of Illinois, has the idea, rare in these bureaucratic times, that his job is everybody's business. Hence "The A-B-C of Illinois State Finance," a 160-page book, printed by his department, reporting on the job in non-technical language for the Illinoisan-on-the-street (and on the tax-rolls). First 10,000-copy edition went in less than a week.

CASH OR CARRY?



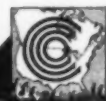
Would you like to do a cash business?

Ready money is your key to better profits. There's a lot of yours tied up in your accounts receivable.

We will cash these receivables for you, and future ones, as you ship. Your customers do not know of your financial arrangements. You pass their credits and they pay you direct, in the usual way. You keep complete control of your business.

Many big and successful companies have found this service a tremendous help year after year. It is a smart, dignified transaction, with no red tape or complicated provisions. The cost is low. Why not try it yourself and see how it can benefit you.

Mail the coupon for the booklet "FINANCING YOUR BUSINESS". No obligation or expense.



Mail this coupon to our nearest office

COMMERCIAL CREDIT COMPANY

COMMERCIAL BANKERS

First National Bank Bldg., Baltimore
Continental Ill. Bank Bldg., Chicago
100 East 42nd Street, New York City

Please send me the booklet "Financing Your Business". This request does not obligate me in any way.

☐ Check here if you wish representative to call.

Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Clumsily-drawn New York State women's minimum wage law gives Roosevelt his first break in his fight to win popular approval for curbing power of Supreme Court to hamstring social and economic New Deal experimentation. Reports indicate widespread approval for President's proposal to explore "no man's land" between state and federal authority, whereas country seemed tremendously against Administration following his "horse and buggy days" comment on NRA, and surprisingly acquiescent, even in farm belt, when Court knocked out AAA.

Toughest Decision

Curiously, break came just as President faced toughest decision he has had to make—whether he would fight for his pet scheme (as embodied in House tax bill) for forcing out "piled-up surpluses," or surrender to Senate measure approved so unanimously by all his economic advisers, including Raymond Moley, original brain trust head; Jesse Jones, of Reconstruction Finance Corp., and, more quietly, by Henry Morgenthau.

Chance of Bad Publicity

President knew he could force through his own ideas if willing to take enough time. But victory would probably be won at expense of long-drawn-out fight in Senate against conference report. This would let in plenty of anti-New Deal oratory, let country know just as national conventions are getting under way what a poor opinion of this important phase of New Deal program is held by outstanding Democrats.

Relief and Spending

Ickes wangles \$300,000,000 more for public works. Not a significant amount when considered in light of his statement that \$2,500,000,000 spent for this purpose in past three years was not sufficient to test merits of pump-priming process. Hopkins gets \$1,425,000,000 more for relief. No wonder government spending is vital issue in campaign, in view of his own statement that relief is not answer to unemployment problem.

Sliding Scale Again

Law of diminishing returns is to be applied to soil erosion payments—smaller payments to bigger farms on sliding scale. Two reasons: One is Roosevelt theory that government should intervene to prevent economies in operation from giving big operators in any line advantage over small men as evidenced in original tax ideals and other New Deal aims.

BREAK, BUT NO GAP

Death of Speaker Byrns foreshadows no important change in congressional situation. Able and influential with colleagues, he would have been tower of strength if Roosevelt had faced hard going instead of rubber-stamp House. His successor, William B. Bankhead of Alabama, will be as eager to do White House bidding as Byrnes. Hence any differences in individual views are unimportant.

Other reason is that Administration is still horribly embarrassed over exposure, under Sen. Vandenberg's prodding, of fact that banks and big farm operators got millions of farm funds.

Add Flood Control

Flood control as a federal responsibility is now acknowledged policy of Congress, following acceptance of two bills authorizing projects totaling \$572,000,000. Qualified requirement for local participation in costs provides much-needed check against unnecessary pork.

Franc Fall Anticipated

Washington still waits certain devaluation of French franc, sure it is only question of politically opportune moment. Problem: What will Britain do? Expectancy: She will let pound slide down proportionately.

Tight Squeeze Play

Robert Lincoln O'Brien, just re-appointed Tariff Commission Chairman, had close call. Roosevelt made personal appeal to Sen. Marcus Coolidge, of Massachusetts, to overlook old prejudice, born when one-time editor O'Brien said in print that former Sen. William M. Butler, friend of Calvin Coolidge, would have more influence in Senate in one day than Coolidge would in six years. But Coolidge beat Butler and ex-senators are impotent in confirming nominations. Handling of O'Brien case is typical of Roosevelt's pressure for early adjournment. He sent in no nominations until assured there would be no time-killing fights

and big batch is held off until after adjournment.

Valley Volley

Having missed with rifle, utilities are trying a blunderbuss. Anxious to hear remainder of Supreme Court's unfinished story on TVA, 19 Valley utilities have started another long-haul action. This time they attack constitutionality, not of one specific activity, but of entire set-up.

Sidestepping Suit No. 1

Meanwhile, by dropping proposed "Little TVA" in Nebraska, New Deal secures indefinite postponement of similar suit which might have reached Supreme Court first. The three irrigation and power districts, individually not under attack, will be left to appreciate benefits of unified operation without federal pressure.

Delaying Drug Bill

House Rules committee, asked for rule on food and drug bill by its sponsor, Virgil Chapman, took its own sweet time in making move, thereby adding to belief general through Washington officialdom that lawmakers were not overly anxious to see measure out on floor of House making trouble—with more to come in conference.

No Corn and Hog Vote

Political experts figure Iowa's 11 electoral votes safely Republican despite AAA payments as result of smashing victory of Sen. L. J. Dickinson, bitter critic of New Deal, over Smith Wildman Brookhart, who thinks New Deal too conservative. Total Republican vote vastly exceeded total Democratic. New Dealers wave this last aside as meaningless, but it is precisely same interpretation which they placed on their own victory in California primaries.

Lowden Farm Lure

With former Gov. Frank O. Lowden of Illinois, who lost Republican nomination in 1920 by an eyelash and is idol of Farm Belt, sure to draft Republican farm plank, anti-Roosevelt lads figure certain other Middle Western states may be lured from New Deal. All of which indicates, at this distance, that New York may resume its old prestige as decisive pivotal state.

Not Sold on Gold

Doubt arises whether Republicans will come out flatly for return to gold standard. Farm bloc is strongly opposed and may succeed in holding drive down to generalizations and hopes instead of outright promise to tie dollar permanently to certain value of gold.



PHOTOGRAPH BY JOHN PAUL PENNEBAKER

KEEP BOTH HANDS ON THE WHEEL, MISTER

The law is no enemy of Cupid. It's a matter of life, not love, that rules against one-arm drivers. It takes two hands on the wheel and both eyes on the road to keep an automobile out of the ditch. It's a matter of control. Electric motors in Industry are that way, too. It takes alert control to keep them out of trouble. That's why Motor Control is so important . . . it does exactly that—and more. It is the vital link between man and machine. Good Motor Control saves

time, speeds production, prevents spoilage, reduces maintenance.

To be sure of good Motor Control more and more industrial plants specify Cutler-Hammer. Many outstanding builders of motor-driven machines feature it in their designs. A host of reliable independent wholesalers stock it for your convenience. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1275 St. Paul Avenue, Milwaukee, Wisconsin.

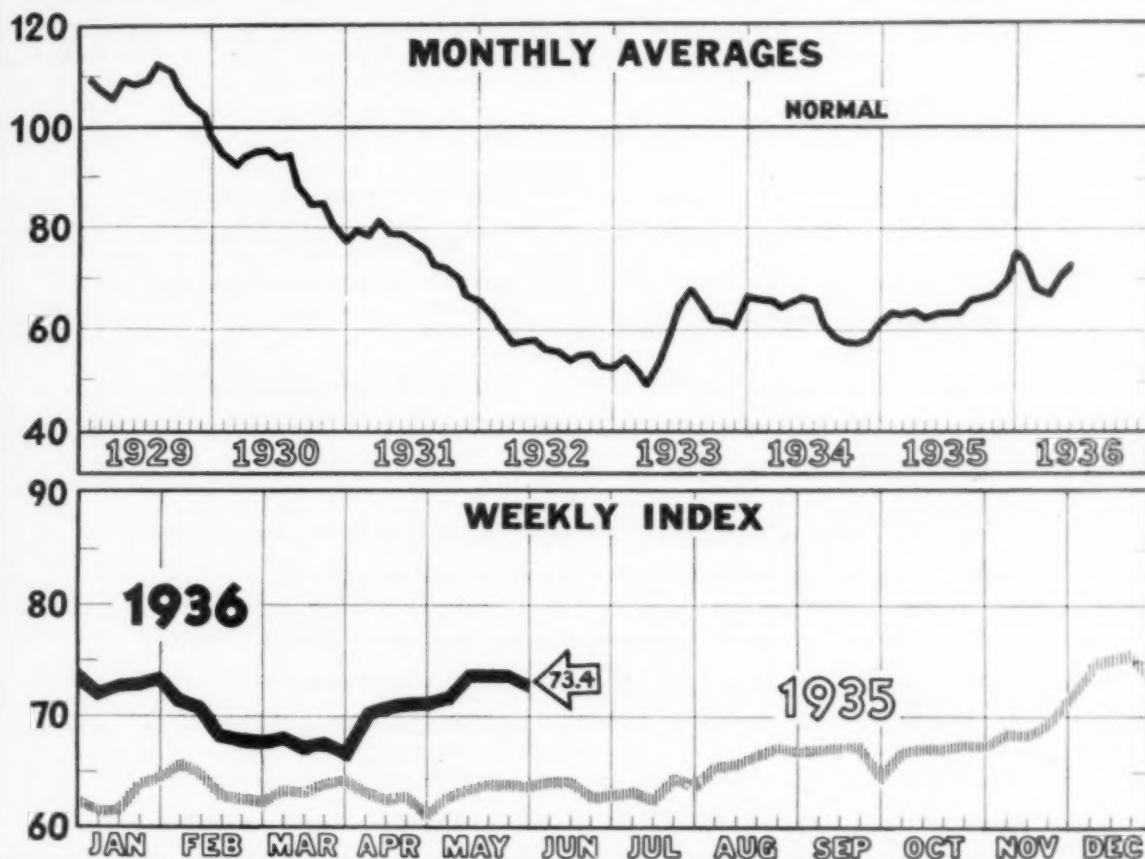
You Own Some Cutler-Hammer Control.

Cutler-Hammer builds Motor Control in a thousand different forms. Regardless of its use . . . whether it serves in the roar of a factory, in the confines of a submarine, or as the cold control on your household refrigerator, it starts, stops, regulates and protects motors to save time and expense.



CUTLER-HAMMER MOTOR CONTROL

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



BUSINESS WEEK INDEX

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
* Steel Ingot Operation (% of capacity)	66.2	67.9	70.1	39.5	40.2
* Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$6,663	\$6,977	\$8,276	\$4,707	\$6,012
* Bituminous Coal (daily average, 1,000 tons)	*1,135	1,126	1,186	1,062	952
* Electric Power (million kw.-hr.)	1,922	1,955	1,929	1,629	1,545

TRADE

Total Carloadings (daily average, 1,000 cars)	114	114	111	100	101
* Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	74	74	74	65	69
* Check payments (outside N. Y. City, millions)	\$3,721	\$4,072	\$3,941	\$3,396	\$3,049
* Money in Circulation (daily average, millions)	\$5,902	\$5,896	\$5,892	\$5,512	\$5,300

PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$.91	\$.94	\$1.01	\$.94	\$.78
Cotton (middling, New York, lb.)	11.78¢	11.72¢	11.61¢	11.61¢	9.31¢
Iron and Steel (Steel composite, ton)	\$32.83	\$32.87	\$33.00	\$32.43	\$30.81
Copper (electrolytic, Connecticut Valley basis, lb.)	9.500¢	9.500¢	9.500¢	9.000¢	7.68¢
All Commodities (Fisher's Index, 1926 = 100)	81.2	80.5	82.2	82.3	70.0

FINANCE

Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,466	\$2,470	\$2,480	\$2,471	\$2,020
Total Loans and Investments, Fed. Res. rep't'g member banks (millions)	\$21,814	\$21,799	\$21,795	\$19,787	\$19,364
* Commercial Loans, Federal Reserve reporting member banks (millions)	\$5,075	\$5,097	\$5,039	\$4,955	\$5,878
Security Loans, Federal Reserve reporting member banks (millions)	\$3,224	\$3,256	\$3,304	\$3,156	\$4,491
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,154	\$1,177	\$1,241	\$1,040	\$1,015
Stock Prices (average 100 stocks, Herald-Tribune)	\$110.26	\$115.43	\$113.92	\$99.65	\$97.22
Bond Prices (Dow, Jones, average 40 bonds)	\$102.37	\$102.14	\$101.26	\$94.97	\$86.72
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	1%	1.3%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1%	1%	1.8%
Business Failures (Dun and Bradstreet, number)	180	174	196	226	427

* Factor in Business Week Index *Preliminary †Revised.

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Business Week

What's the Difference Who is Elected President Next November?

GRASS was going to grow in city streets four years ago, but it didn't. To hear some business men talk the way they do today, it would appear that they would just as soon have grass grow on Fifth Avenue or Michigan Boulevard.

Did the Donkey solve your problems? Will the Elephant straighten you out? We will still have the same old problems we now have, regardless of who wins.

"Taxes will ruin us," you say. We say, "What if they do, won't they ruin your competitor, too?" We are all in the same boat.

You are going to stay in business and try to make a profit in spite of taxes. The only way to beat increased taxes is to make sufficient economies in your operating expenses to offset governmental levies.

Your business will rise or fall on what your Management does. If you are an "old pessimist" then blame Washington for everything that happens. Isn't it "funny" somebody else is always to blame when a business fails—but Oh! My! when it succeeds—the whole world knows who was responsible for its success.

The May Company is doing over twice the business it ever did in any previous period in its history, because it is helping Managements everywhere to pay dividends to their stockholders.

● | Without obligation to you, we will be
glad to discuss your problems confidentially with you. Write our nearest office. | ●

GEORGE S. MAY COMPANY

CHICAGO: 2600 North Shore Avenue
SEATTLE: 747 Dexter Horton Building

NEW YORK: 122 E. 42nd St.
ATLANTA: 134 Peachtree St.

CANADA: George S. May, Ltd., 18 Toronto Street, Toronto

The Business Outlook

IT looks as though business were going to move into the summer season with more stamina than many anticipated. Retailers, real estate dealers, and debt collectors look forward to good portions of the bonus money forthcoming this month. Farm income is promising. Railroads hope passenger traffic will be stimulated substantially by the fare cut on Eastern roads. This week there have been more inquiries than passengers. Freight traffic is making excellent progress toward a strong fall peak when bigger crop and livestock movements should add their weight to industrial traffic.

Best Levels Since 1930

Manufacturing and mining activity in the first half of 1936 will average about 15% ahead of the same months of 1935, and will be at the best level since 1930. Industrial payrolls, too, have reached new highs since late 1930. Dividends declared to date are running 21% ahead of the same months of 1935. And government spending for construction purposes shows no signs of letting up in the near future. These factors coupled with a stable price level for non-agricultural goods and lower prices for food, farm products, and cotton textiles should encourage the public to buy freely.

Coal Industry Still Puzzled

The coal industry's reactions to the scrapping of the Guffey act are badly mixed. There is no agreement on what's ahead for prices. Some feel breaks are inevitable; others count on increasing industrial demand plus low stocks on hand to hold prices stable. Southern operators in some instances feel the situation is so well in hand that they have posted price increases.

Mechanizing Mines

Since agreements with coal miners do not expire until next spring, there can be little excuse for price-cutting via the wage-cutting route. The prospects for trouble next year, however, are not being relished. Meanwhile, a number of operators polled by *Coal Age* last week indicate that the only way to stay in the running will be to increase mechanization and reduce costs.

Steel Defers Its Letdown

It looks as if the steel industry was going to put off its customary summer siesta until July. The price increases posted recently may force some consumers to cover as much as possible and thus help sustain steel operations at current levels longer than was expected a few weeks back. The dip

GAIN IN AIR EXPRESS

Air express is growing fast. Railway Air Express reports revenues for the three months beginning February when the expanded service was inaugurated as 76% ahead of the same months of 1935. Largest tonnage users are the news and printing industry covering spot news. Biggest gain, about 400%, comes from the motor industry. Apparel shipments are up 100%. Sample shipments from manufacturers to prospective customers and salesmen involve a sizable tonnage. Users claim good financial returns.

into July, therefore, when motor assemblies will go down sharply, will be steep.

Best in Six Years

May pig iron production bettered that of April, establishing a six-year high. Steel output to be announced shortly should also show a gain over April, and with June tonnage apt to hold not far from May, the steel industry will close its best six months in six years. Railroad equipment builders, now well booked with orders, are expected to be good steel customers throughout the summer. Tin plate mills are operating at capacity, turning away casual customers.

New Truck Record

Returns on April truck and passenger car sales now virtually complete indicate that all previous records of the industry but three have been surpassed. Passenger car sales of about 398,000 have been exceeded in 1929, but truck sales beat all records by a wide margin when they hit 65,000.

Auto Production Down

Automobile production by the three major producers has been holding steady, but the industry as a whole has dipped to 108,346 units a week. This year's high of 120,519 was established during the week ending May 25. Chevrolet expects to be going strong until July, when virtually all

makers will be in the throes of changing over to 1937 lines.

Gain in Heavy Building

Heavy engineering construction for the first five months of 1936 has reached \$937,458,000, of which only a quarter is represented by private projects. The total runs 71% ahead of the same months of 1935; private is up 63%; public, up 75%. Commercial and industrial building which have made substantial progress this year are up 96% and 47% respectively. The first week in June saw another paper mill scheduled for the South worth \$5,000,000.

Contrast with Canada

Canadian construction presents an interesting contrast. For the first time since 1929, private projects have surpassed public in value. Moreover, the \$26,506,000 of private projects contracted in the first five months of 1936 exceed those of the entire year of 1935, 1934, 1933, or 1932. This year, private operations are 313% ahead of the same months of 1935; public projects, worth \$6,852,000, are 59% behind those of 1935.

Biggest Dividends Since '31

May dividends declared were the largest for any month since June, 1931, and 25% ahead of last year. Since the first of the year, corporations have voted dividends of \$1,365,889,203, a 21% increase over the first five months of 1935. Extra dividends have been declared in 328 instances this year against 231 in the comparable months of 1935, while back dividends have been posted in 420 cases against 309.

Many Lines Improve

Sales by manufacturers and wholesalers this spring reflect improvement in a wide variety of lines. April reports, just out, place sales of iron and steel products by manufacturers at the top of the list with gains over a year ago of 41.8%, followed by stone, clay, and glass products of 24.3%; forest products, 15%; motor vehicle parts, 14.4%. Manufacturers of leather and its products have fared less well, with sales off nearly 7%.

Happy Wholesalers

Best gains for 19 lines of wholesalers are found among plumbing, heating equipment, and supply dealers who in April beat last year's totals by over 42%; followed by lumber and building material dealers with just under 42%; machinery, equipment, and supplies with 28%; petroleum and products with 24%. Leather, represented in this case by shoe and other footwear divisions, shows a sales decline of 15%.

Burroughs

IMPROVE YOUR PAYROLL ACCOUNTING

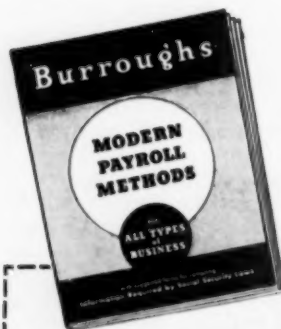
*and at the same time obtain
the information required by the*

SOCIAL SECURITY ACT

Many employers are finding in recent Burroughs developments a simple solution of the accounting problems set up by the Federal Social Security Act. Often the exceptional speed, ease and economy of new Burroughs machines make it possible for employers actually to lower accounting costs and still have the additional information required.

In fact, many say: "We are glad the Social Security Act prompted us to investigate, because we now have the complete payroll accounting system we have needed for a long time."

We suggest that you call the local Burroughs office. A Burroughs representative will be glad to show you how we can assist you to meet your problem with the minimum change in equipment, and at the lowest possible accounting cost.



THIS NEW FOLDER MAY HELP YOU

Burroughs has just prepared an interesting descriptive folder illustrating complete payroll accounting methods, with typical forms for maintaining the information required by the Social Security Act. The forms show representative entries and suitable column headings. You may have this folder without charge simply by filling in and mailing the coupon.

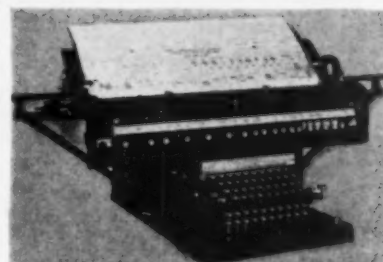
Burroughs Adding Machine Company
6134 Second Boulevard, Detroit, Michigan

Send me the new folder, "Modern Payroll Methods"—which includes illustrations of forms for compiling figures required by the Federal Social Security Act.

Name

Address

NEW MACHINES FOR PAYROLL ACCOUNTING



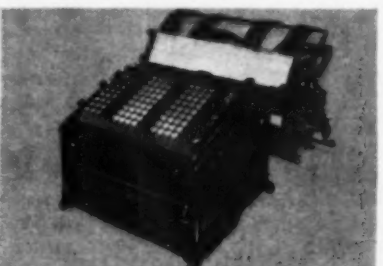
Burroughs Typewriter Payroll Accounting Machine writes check, earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated.



Burroughs Desk Bookkeeping Machine posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay.



Burroughs Electric Carriage Check-Writing Typewriter writes payroll checks either in units or in strips. Payroll summary completed at same operation. Fast and easy insertion and removal of checks.



Burroughs Automatic Payroll Machine writes check, employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals, automatically ejects and stacks checks in order.

JUNE 6, 1936

"Campaign Congress"

In a session debating issues of large importance to business, politics has held the reins right down to the home stretch.

WASHINGTON (*Business Week Bureau*)—Keeping just ahead of the Supreme Court as the nine justices plowed under its social and economic legislative experiments, the 74th Congress—delayed at the last minute by death and taxes—will go down in history as perhaps the most futile, most subservient, and most easily reversible of any in the past generation.

Even when it flared up with defiance to Presidential wishes on the soldier bonus, it was really most subservient—as to the American Legion lobby. (In that case, it also knew there was no actual heat being applied from the White House to prevent the overriding of a veto.) Senators who fought valiantly against the prevailing wage on relief projects in 1935 swallowed the same thing without a gulp when the President surrendered on this issue in 1936. Senators like Carter Glass and Alva Adams, whose fears about the effect on federal credit of too much relief spending delighted anti-New Deal hearts all over the nation, became silent in 1936 as the campaign approached.

Lining Up At Last

Meanwhile, the Republicans of the Senate, under the leadership of a near New Dealer, Sen. Charles L. McNary, played a part absolutely in keeping with the picture. Only as the actual campaign approached, and some of them were mentioned as possible nominees against Roosevelt, could it be discerned from the rollcalls and speeches which were the Republicans and which the Democrats. Except for Daniel Hastings of Delaware, who incidentally is retiring from the scene in which he is so out of perspective, the harshest criticisms of the New Deal have come from Democrats, such as Glass, Byrd, and Tydings, and these turned from thunder to milk and water as the national party tomtoms began sounding for the quadrennial conventions.

In fact, remarkable as it may appear for an election year, the Supreme Court has, in its majority decisions, played the rôle normally filled by a minority party.

Of all the strange stories of this Congress which will go down in tradition perhaps the chapter on taxation is the

most amazing. The President started off with an idea which has been fundamental with him, at least, since the depression, if not before. He hated "piled up surpluses" in the coffers of corporations. He denounced them in his acceptance speech at Chicago four years ago, but nobody paid any attention to it. Folks thought he was just railing against the mistakes of the Hoover Administration, and was not particularly happy in choosing words to express his meaning.

But from the first day he entered the White House he has been after the Treasury experts to do something. Eventually he just about gave up hope that anything could be done without changing the Constitution. Then, last year,



DRIVER—King of Utah and the Senate Finance Committee takes the upper house to the last hurdle—the tax bill.

he hit on the sliding scale tax on corporation earnings. This was the entering wedge, though he did not get the wedge in anything like as far as he wanted.

This year he proposed the sliding scale tax on all undistributed earnings. On this proposal, so far as anyone in Washington can learn, he has had the active support of just one man, even among his own appointees. This man is Herman Oliphant, Assistant Secretary of the Treasury. Henry Morgenthau, Jr., Oliphant's chief, ducked away for his health while the House was fabricating its bill. He has never really endorsed the scheme. Jesse Jones, chairman of the Reconstruction Finance Corp., told friends he thought the House measure (the President's idea) was terrible. If there is a single man in either House or Senate who honestly liked it and would say so privately to friends he is mighty lonesome in his views.

Having Their Fun

So the Senate revolted. One of the first to revolt was Connolly of Texas. But before the battle had ranged long—in fact by the time the President had the Finance Committee senators up at the White House, and subjected them to Oliphant's logic and his own charm—Connolly had surrendered. Then the word went forth that the Senate could have its fun debating the committee ideas of the bill, but everything would be rewritten to suit the President in conference.

"Nobody blames a senator or member of the House for what is done in conference," Sen. Wheeler commented to a colleague.

And whenever a bill comes back from conference, of course, it is virtually take it or leave it.

G.O.P. Policy Set—But Not Long

Not until the tax bill came on the floor of the House did the Republicans there take any important party position. From that time on, their Senate colleagues joining them, the Republicans' position was that cutting of federal spending should be substituted for new taxes.

But after this brave stand—so late in the day—only three more Republicans voted against the relief bill's billion-and-a-half than voted for it!

Passamaquoddy and the Florida Ship Canal are two perfect illustrations of the weathervane character of this Congress. General agreement by members of both parties in both House and Senate that these two projects were just waste of public money was forcibly demonstrated.

When the President dumped them on Capitol Hill's doorstep both New Deal foundlings were thrown on the scrap pile. Both House and Senate rejected them. Even the popularity of Sen. Fletcher failed to win a reversal.

But—that was when many Democrats on Capitol Hill thought the President was really looking for some excuse to drop the projects. Quite a change occurred when Mr. Roosevelt let it be known to Democratic Leader Robinson—who has been yearning for a Supreme Court appointment these many years and is pitifully eager to demonstrate his 100% agreement with the President's every thought—that he wanted a chance to play further with these two babies. Not a mandate to go ahead, you understand, but the right to do so if the en-

gineers he would appoint should find it a good idea!

All of which has not been exactly what the pedagogues consider good character-building for our national legislators. So it is little wonder that they flounder about when they are faced with the problem of working out something for themselves, with just a general White House blessing instead of a chapter and verse direction.

Altogether, it has been an extraordinary Congress. It has produced no strong men, developed no leadership, had no important debates—just series of partisan speeches, usually of a patently safety-first motive. It has been a trusty packhorse when the White House pulled the reins, a futile bungling colt when the reins were relaxed.

Principle—Not Revenue

That was what Roosevelt fought for, demanding heavy tax on undistributed earnings, though Senate committee argued its bill would produce more money.

WASHINGTON (*Business Week Bureau*)—Don Quixote, lashing at a windmill as the common enemy of man, never went through a more furious rigmarole than Congress this week, battling over a principle of taxation.

For that is what the struggle in Congress summed up to. Torn between conscientious scruples and political expediency, the Senate Finance Committee finally concocted a tax measure and fought for it against the House bill.

The row over revenue was really a sideshow. When President Roosevelt sent his message to Congress for increased taxes he wanted \$620,000,000 additional annual revenues and \$517,000,000 temporary revenues; also, he wanted the principle of a tax on undistributed earnings.

Both Houses Stymied

The House, in a speedily passed bill, gave him the principle, but not the revenues. The Senate Finance Committee, in a laboriously arrived at measure, gave him the revenues but only a flavor of the principle. And that was the stymie that delayed Congress from holing out.

In defiance of President Roosevelt, the Senate Finance Committee reported out a bill which over a five-year period would raise at least \$132,000,000 more than the House proposals.

The committee showed that the Treasury, itself, estimated the House bill to yield only \$3,295,000,000 in five years; that the Treasury estimated the Senate Finance Committee measure to bring in \$3,427,000,000; that the Treasury estimates of the latter yield were low and that the probable return would be \$3,817,000,000.

Here are the estimates of annual permanent revenues:

House (Treasury Estimate)...	\$623,000,000
S.F.C. (Treasury Estimate)...	669,000,000
S.F.C. (Committee Estimate)...	747,000,000

Considering that over the five-year period there was only a difference of \$522,000,000 between the top yield of the Senate committee bill and the yield of the House bill, it became plain that the fight was over principle.

Whereas the Senate committee would tax corporate income directly, the House would levy on retained earnings.

The Senate committee measure called for a 15½% to 18% tax on corporate incomes; a 7% tax on undistributed earnings; a 1% increase in surtaxes on incomes from \$6,000 to \$50,000, and the regular personal income tax rates on dividends. The House bill also had the latter provision.

The 7% levy on retained earnings was counted on to appease the President's ardor for forcing out dividend payments. At the same time, the committee made it mandatory on every corporation retaining more than 40% of its earnings to state the reasons for "accumulating the profits." If the explanation is not considered satisfactory a tax of 25% on the first \$100,000 and 35% on retained income above that might be imposed.

As American corporations customarily pay out in dividends from 60% to 70% of earnings, this section would not cause any radical change in business policies. But it would tend to establish 60% as the rock-bottom minimum on dividends. After all, what company would want to explain to the government why it stored up a surplus?

Political Business

Both national committees sell program space at high price.

BOTH the Democratic and Republican national committees took a flyer in the publishing business this time. The Republican convention program closed with 145 pages of advertising, sold all the way from \$600 to \$2,500 a page, depending on position and color. It will bear the picture of Abraham Lincoln on the cover and carry the portraits of the leading Republican standard bearers in good standing. It will sell for \$2 a copy when the crowds arrive in Cleveland.

"The Book of the Democratic National Convention of 1936" will carry better than 150 pages of advertising. And the ins having more courage than the outs, the space has been sold all the way from \$2,500 to \$3,125 per page. It will open with a ringing foreword by Postmaster General Farley. Thomas Jefferson and Andrew Jackson will also be prominently featured. Naturally this book offers a larger circulation, for just now the ins are numerous.

Going and Coming

And just to show how highly specialized a business the selling of these programs was, on completion of the Republican book, many of the space salesmen found immediate jobs with the Democratic committee. And they took along their private data on who to see and how to sell them. It was simple then for two salesmen to trade prospects and have the drop on every customer. And, of course, the prominent advertisers will be found impartially in both books.

Big Cleveland Week

Republican convention is expected to bring 15,000 visitors, who will spend large sums.

THREE-QUARTERS of a million dollars are expected to flow noisily into Cleveland business coffers during the week of June 7 when the Republican National Convention brings upwards of 15,000 people to town.

Hotels and restaurants stand to profit most directly from the influx of the thousands of delegates and visitors; will probably garner one-half to two-thirds of the total spent; divide it almost equally between them. Transportation and communication services will likewise be taxed to capacity.

Hotel rooms, 11,000 of them, even with the extra beds that have been put in hundreds of them, will not be sufficient to accommodate everyone. The Michigan delegation, 900 strong when it embarks from Detroit, has chartered

the lake steamer, *Greater Buffalo*, for its Cleveland headquarters. Another lake boat, the *See and Bee*, has also been engaged to handle an additional 900 from other overflow groups. Many residences were visited by a field force of 100 men, who inspected them before granting approval as housing accommodations. Yachts, private railroad cars, and Pullmans will add to sleeping quarters.

The state liquor stores located in downtown Cleveland which ordinarily carry a three weeks' inventory are expanding stocks to a six weeks' basis.

Cleveland's 330 taxicabs, operating regularly 24 hours a day, are expected to increase their earnings by \$2,500 a day during the convention.

Telegraph Companies Prepare

In addition to the 100 or more messengers to be added by Postal and Western Union to facilitate their local service, both wire services have established full-fledged transmitting stations in the basement of Cleveland's Public Hall. Postal is bringing more than a hundred operators and technicians into Cleveland to handle its 70-odd special circuits. Western Union is installing 10 fast multiplex transmitters and 54 simplex printer transmitters and a switchboard with direct wires to Canada, Mexico, and foreign cables.

Two of the three Cleveland newspapers, the *Plain Dealer* and the *News*, are putting out special issues, featuring roto supplements, and, with the *Press*, look for advertising and circulation revenues to mount.

Reluctant as ever to estimate the volume of business which may come to them from a specific convention, Cleveland department stores admit that much of it will be concentrated in their gift shops and toy departments, know that no parent dare return to his family circle without some souvenirs of the trip.

Rents and Real Estate Going Up

It's no longer a buyers' market. Residential and farm property makes biggest gains; business space higher.

REAL estate is getting out from under. Landlords, even at this early date, are sending out polite reminders that the October renting season is at hand; that rents are going up; and that tenants might do well to sign leases now, while terms are still favorable. Typical of these form letters is the following:

"We hope that you are going to stay with us again this year. But since the demand for October is already unusually active, we need now to know your plans. . . . We will hold your apartment off the market till June 8—though this action is not to be construed as an option.

"You have no doubt heard that rents are going up. If you can close your lease before June 8 . . . we can give you the advantage of 'old tenant rates.' They are always lower than those offered to newcomers."

Observe that the letter does not say that the rent will remain the same as it was in the 1935-1936 renting season. No, indeed; the implication is that the fee of tenancy will be higher, but that the occupant will get a better break than outsiders.

All of which is bad news for the buyer of cubic footage, but good news for the man of property and the owner of real estate securities—assuming that the rent boosts are in economic order.

Already rents are up about 15% from depression lows for the country as a whole. But in those sections where increases already have taken place, the rise this year will not be marked. Generally it is in the laggard centers—particularly large cities like New York and Chicago—that realty is joining the upward march of the price level. It comes to this: the renter no longer has it all his own way. The emphasis has shifted.

In 1934 it was a buyers' market. Dwelling rents had dropped 40% from the 1925 level. Owners of apartment houses and one-family dwellings were offering concessions of two to three months' rent—anything to get a tenant.

But now after three years of minimum building, a dramatic change has occurred in the demand-supply ratio for space—particularly residential. The seller has something to say. Improvement in general business has resulted in (1) a new splitting-up of families which holed in together to make rent fit depression incomes; (2) trips (long-deferred) to the altar; (3) motherhood, hitherto economically undesirable, and (4) consideration of better facilities, now that weekly pay and wage checks have filled out. In addition, many structures have been demolished without being replaced. And population has increased.

True, there are no symptoms of what



Shaw-Walker Camera Co.—Wide World
WITH OPEN ARMS—Cleveland's downtown business section (left) will hum next week, when the auditorium (above) swings open its doors to the G.O.P. convention, first of a series of summer events which are expected to bring thousands of visitors, with dollars to spend, to the bustling city on Lake Erie. Following the convention, the Great Lakes Exposition will hold forth as a trade magnet throughout the summer.

happened in 1920, when the boys came back and housing was at a premium. But tangible dollar-and-cents proof of the improvement is in new construction. Morton Bodfish, secretary of the United States Building and Loan League, estimates that 150,000 new home units—mostly middle class—will be erected this year, as compared with 75,000 in 1933: a gain far from normal construction of 300,000 to 400,000 a year.

The rise in commodity prices and farm income naturally has enhanced the increased value of farms as a business risk. Banks which became reluctant holders of arable acreage through foreclosure are now selling at good prices. For instance, the Federal Land Bank of Spokane, operating in Montana, Idaho, Oregon, and Washington, expects 1936 to be a record year in sales. This is no isolated example. Sales of farm land by Federal Land Banks were 60% greater in 1935 than in 1934 and, as of Feb. 29, less than 26% of the mortgages held by Federal Land Banks were smudged with delinquency, as against 34% in January, 1935, and 45% at the depression low. More than that, there are fewer loans and collections are better.

Recognizing the restored financial solidity of farmland, banks and insurance companies are once more in the market for prime mortgages on this type of security—whereas in 1932 and 1933 they were doing everything possible to reduce their commitments. The Oregon Mutual Life Insurance Co. has increased its mortgage portfolio to 6% of its total investments, as against 3.4% a year ago.

Commercial Gain, Too

Even in the commercial department—factory and office building space—realty has undergone an improvement. True, there is a lag here. Business seldom expands until absolute necessity dictates, but the market for real estate bonds indicates betterment. In Chicago, the average price of 42 real estate bonds rose from \$194 per \$1,000 bond in February, 1933, to \$398 in March, this year. Two hundred Eastern issues jumped from \$218 at the end of 1933 to \$408 in March. On the Pacific Coast, the March 1 price of selected securities was \$538, as compared with \$367 at the end of 1934.

It is still hard to finance large issues of real estate bonds; investors are still wary, especially in New York and Chicago. But even here there are possibilities. In California, a small issue—\$400,000—was placed at 4%, and insurance companies and institutions seem prepared to reenter the market for mortgage bonds secured by good earning properties.

The tax burden still continues heavy on property, but in several states limits have been placed on the aggregate percentage which may be levied by the state and local governments.

Will New Steel Prices Stick?

Industry and its customers await results of announced increases for third quarter. Automobile manufacturers aren't rushing to get under the wire.

STEEL makers hope they can make their price increase stick. They are hiking prices \$2 a ton for third quarter on steel bars and shapes, sheets, hot-rolled strip, hot-rolled alloy steel bars and semi-finished material, and probably the advances will be extended.

Inability to earn an adequate return on investments at current prices is the chief reason for the boost. Despite the best operations since 1930, most steel companies showed a shrinkage in profits during the first quarter compared with the same quarter of 1935. Mounting costs all along the line are responsible.

The price decision was made in the face of a relatively quiet market ahead during July and August. This makes some steel sellers question the advisability of an increase at this time. Better strategy, they say, would be to catch users when they are busy and have little time and inclination to kick up a fuss. Fourth quarter, with the automobile companies again going hell bent, would be a better time, they imply.

Advocates of higher prices, however, say that when an industry's earnings are anemic, it needs a tonic at once.

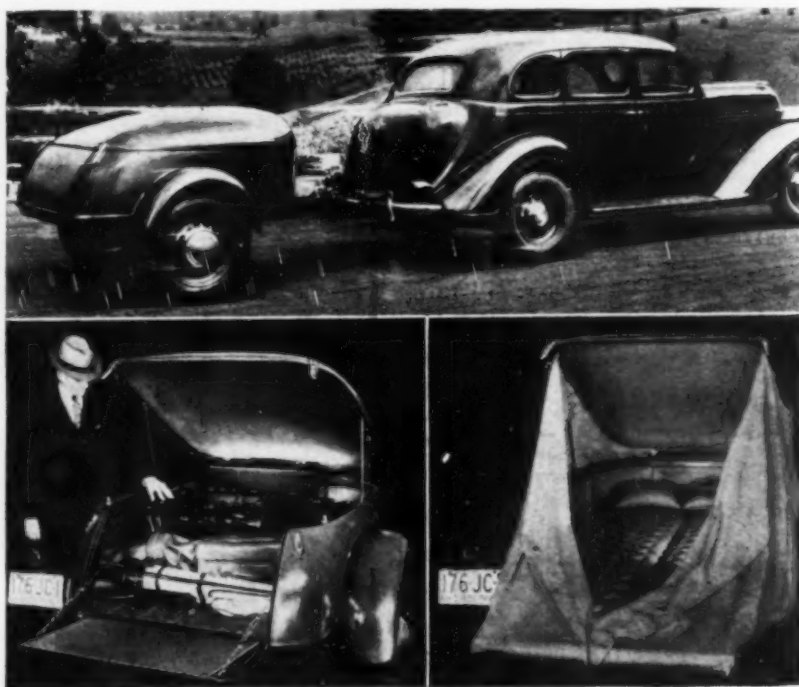
Motor car companies, which are steel's biggest customers, aren't likely to fight the increases. Since 1937 models

will go into production in September, higher prices won't affect current models, steel having already been bought for the remainder of this season. Detroit can bear in mind the new steel prices in setting prices for its own products next year. Most automobile makers won't make sizable commitments ahead, principally because they won't know until July what the new steel sizes for 1937 cars will be.

Moreover, as one automobile executive remarked, "We are in a poor position to criticize, making much better profits than the steel people."

Despite an air of confidence, steel men aren't sure of success. They cannot forget past experiences when some mill, apparently having fallen in line, has kicked over the traces and upset the entire program. Main hope that everybody will go along this time is that business from general sources is looking up, operating costs are high with no chance of lowering them, and purses, after five years of depression, need replenishing through profits.

The industry won't know the success of its policy for 30 to 60 days, when automotive buyers will begin ordering for new models and other important steel consumers will be in the market.



TRAIL TO A BIG MARKET—There are more than 20,000,000 registered motor cars, and Mullins Manufacturing Corp., of Salem, Ohio, figures that's a big market for all-steel, low-cost trailers. The new job is mounted on standard automobile wheels, can be finished in any color, opens to bed length, and lists at \$119.50 f.o.b. Salem.



ALL ARE TEXAS—Ten-gallon hats and longhorn steers symbolize Texas to a lot of people who never have been there, but this summer visitors to the Centennial celebrations are going to see a lot of other things—fine buildings; up-to-date transportation systems, hotels, amusements; lovely residential sections; roaring, thriving business. And a glistening array of exposition buildings (some of which may be seen on the bank behind this group of Texas longhorns).

The Lone Star Rises and Shines

Dallas and Fort Worth stage rival centennial shows; Texas and the Southwest unite to make the most of a promising business proposition.

DALLAS, TEX. (Special Correspondence) —A high yipping sound accompanied by the chime of cash registers arises in the Southwest. It is the prelude to Texas' Centennial events, evidence of a major outbreak of exposition fever.

The state is celebrating its own private Declaration of Independence, from Mexico. Festivities are an amiable blend of patriotism and business. They display a sweep befitting a country of superlatives. Lands, limitless and rich, float on oceans of oil; men in half-acre hats tend wealth on the hoof; fruit and truck farm development give older sections something to worry over.

Biggest show of all is the Dallas Central Centennial Exposition (June 6-Nov. 29). Thirty-two miles away, Ft. Worth is living up to an ancient rivalry by staging a Frontier Centennial (July 1-Oct. 3). It guarantees to make up in liveliness what it lacks in commercial and cultural aspects.

Current status of the feud is illustrated by the billboard Ft. Worth plans:

**40 Minutes to Ft. Worth
and Whoopee**

It desires to locate this challenge opposite the Dallas exposition grounds. Dallas is fighting the move, but it frankly admires the strategy. The fear is that feet throbbing from the hard floors of

art and industry will want to hie themselves to Ft. Worth hot spots.

Whatever the outcome of the inter-city skirmishes, business of the entire territory expects great stimulation from the tourist trade. Dallas figures on at least 12,000,000 visitors.

Circulating citizens speed the circulation of money. Automobile tourists spent about \$7 per day per person in 1934. Dallas estimates the average visit at three days. On this basis, 12,000,000 persons would spend \$252,000,000 (ten times the exposition's cost) in the city, without counting the benefits to Ft. Worth and all points along the way. Furthermore, improvement in conditions has raised the hopes to \$10 per day per head for the present season.

Dividing the Vacationist's Dollar

A breakdown of the vacationist's dollar shows how his gallivantings benefit all industries. Detroit's Convention and Tourist Bureau figures it this way: general merchandise, 26¢; restaurants and cafes, 21¢; hotels, etc., 17¢; automobile accessories, gas, oil, 12¢; other transportation, 10¢; amusements, 9¢; confectioneries and incidentals, 5¢.

"But," says the Yankee, mopping his brow, "can a hot place like Texas draw summer tourists?"

Dallas has thought of that one too. Chicago (and you don't need ear muffs

there in July) counted about 19,000,000 for the second season of its fair. While Chicago had a denser population to draw from, Dallas is keeping open for a longer period. The entire South and Midwest is inured to summer heat, hence these areas are counted on for heaviest representation.

Definite quotas for various territories have been set by the Dallas Exposition. Expectations are: 6,000,000 persons from the Southwest comprising Texas, Oklahoma, Louisiana, Arkansas, New Mexico (12,000,000 population), including repeats; 2,400,000 from the old Southern states (population 25,000,000); 1,800,000 from the Midwest (population 26,000,000); 1,800,000 from the rest of the country.

These are not mere gleanings from census reports. Top officials of the Chicago fair were called to Dallas and estimates (as well as other details) were calibrated by their experiences. Thoroughness of preliminary work can be gauged by the sale of almost 2,000,000 tickets before the exposition opened.

Generally, the exposition dramatizes the romance of the Southwest which, incidentally, hasn't been done to death. One can still see Indians and cow-hands walking awkwardly on booted feet no larger than dancing girls'. The centennials are merchandising the color of the plains, the glamour of life under Spain and Mexico. With the old South there is a direct historical tie since it furnished Texas with heroes. Pacific Coast and Northeastern tourists will be sold on a Texas routing, which ought to be easy in the autumn.

Dallas has overlooked no promotional device. Travel services are selling the show for all it's worth, are adding fa-

Texas Roundup—I.

"A high yipping sound accompanied by the chime of cash registers" celebrates the centennial of Texas independence. So this week a ranging member of the *Business Week* staff has taken his ten-gallon hat from the office hook and galloped off to Dallas and Fort Worth where the opening of the "Centennial Exposition" and the imminence of the "Frontier Centennial" make the loudest news noises. Herewith is his report on the business program beneath the colorful surface of these jubilations.

But the Southwest is celebrating a recovery as well as a centennial and there's bigger, though less obvious, news in the sound of marching and the rumble of change that can be heard behind the shouts of the barkers at the big shows. Next week's report will deal with that, with what's happening and who's making it happen throughout this centennial territory that business men may visit this year as tourists but will continue to look upon as buyers and sellers.

cilities and advertising special rates. National magazines are running special stories and ads. Rotogravure sections and radio stations widen the ballyhoo. Realizing the news value of pretty gals, the Exposition has despatched its "rang-ettes" up and down the land, to bestow ten gallon hats and kisses on whomsoever would accept them before a lens.

The hat trade has been definitely stimulated. Cowhands still cling to the big Texas hat for reasons of sentiment and shade. Softer mortals find them far too hot and heavy for summer.

Historically the hat is a Stetson. The exposition management tried to interest the Stetson company in an extensive campaign. This corporation was a bit slow on the pick-up, allowing the Willard Hat Co. of Dallas to get the jump on the market.

Stetsons are selling plentifully but their prices (\$5 minimum) hold down the volume. Willard is turning out a souvenir felt retailing in cut-rate drug-stores and other outlets for \$1.95. Better grades come higher. This and other companies are making straw replicas (selling for 50¢) which rest much lighter on perspiring crania.

Some of the biggest corporations are expressing dollarwise their confidence in the Dallas Exposition. Henry Ford has spent \$2,250,000 on his building and exhibits which are said to be more elaborate than any predecessor. General Motors and Chrysler also have their own buildings. Other companies with exposition structures include the big oil corporations. Displays in the main exposition buildings show developments in manufacturing, commerce, science, government and art.

Construction of the Dallas Exposition has been handled with a circumspection that comes from careful banker management. They have indulged in no grand-

iose plaster palaces to degenerate later into municipal insults. The main buildings are permanent, will become part of the State Fair Grounds plant. All operations from the sale of bonds to the payment of contractors were on a cash basis. Taking of all discounts resulted in costs (on permanent main buildings) of \$4 per sq.ft., or about the usual cost of temporary structures.

Financing included a \$3,000,000 municipal issue, \$2,500,000 exposition corporation bonds, an old \$500,000 issue earmarked for a fine arts building. The state produced \$1,200,000 for a monumental permanent structure out of a \$3,000,000 grant for centennial purposes in various cities. Uncle Sam (generous as ever) matched Texas both in its general centennial grant and the cost of its exposition building. The federal building is an outright gift, but Texas gets in on the gate receipts.

Plus Rodeos, of Course

The rest of the show's \$25,000,000 cost comes from individual companies, concessions, etc. Of course there is a Midway where the lighter fancies may be indulged. And (inevitably) rodeos and wild west exhibitions. (It looks like a hard summer for the broncs and sun-fishing steers of the Southwest.)

Getting on the job early, the air conditioning industry corralled a nice piece of business out of the exposition. Some 75% of the main buildings have installed equipment at a total cost of about \$1,000,000.

Now, you have to be a Texan to imagine how Ft. Worth felt at the sight of all that money going to Dallas. The Census Bureau estimate of 1933 gave Dallas proper 278,000 population, Ft. Worth 169,000. Dallas has great banking, insurance, wholesaling, varied industrial activities in addition to the greater population score. But Ft. Worth



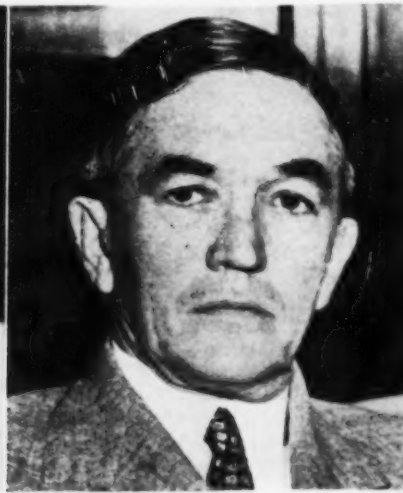
FOR FORT WORTH—Amon Carter, publisher, runs Fort Worth's end of Texas' celebration, and does a thorough job of it.

has the historical tradition, is the natural stamping ground of the cattle kinds, is a great packing, milling, and railroad center.

And most important of all, Ft. Worth has Amon Carter.

Possession of this effective gentleman is about the only Ft. Worth asset that Dallas confessedly envies. Dominated principally by a banking group, Dallas usually moves with foresight and caution. Ft. Worth is under the unchallenged leadership of Amon Carter, whose exploits are swift and spectacular. Dallas grants generous acclaim to such raids as that which transferred southwestern headquarters of American Airlines to Ft. Worth.

Mr. Carter is publisher of the Ft. Worth *Star-Telegram*. His influence extends over the entire Southwest, is felt powerfully in Washington. In spite of



FOR DALLAS—The big exposition in Dallas, requiring a year for preparation and large initial investment, called for brains, experience, hard work on the management end. Three bankers

handled the job. From left: Nathan Adams, chairman of Exposition Corp.; R. L. Thornton, director of management; Fred F. Florence, president of Exposition Corp.

HOT..HOT...HOTTER....

Snap!



Inside a Truck Tire This Happens Millions of Times

Rapid bending of a paper clip or a hair pin back and forth offers a simple example, in slow motion, of the flexing of the cords in the body of a truck tire at work. Bend a wire a few times. Feel the heat.

Human hands cannot approach the speed at which the cords in a tire must flex. The cords bend and come back 300, 400, 500 times a minute on a speeding truck. Human bodies could not withstand the terrific heat this flexing sets up inside a tire.



Crash! . . . a stone . . . cords stretch, bend, return to normal. Multiply this millions of times. Only the extra elasticity and vitality of Supertwist Cord can stand the strain.

The improved High Profile Goodyear Truck Tire is built to withstand this flexing and to handle this intense heat. To the truck operator this means more miles of wear per tire—*thousands more miles!*

Preshrunk Supertwist Cord, twisted while wet, gives a foundation strength to the body of the tire greater than other cords.

This makes possible the use of a much tougher compound of rubber. Supertwist, patent-protected, is used only by Goodyear.

The improved tire is bigger, sturdier, tougher in every way. It's more tire—more rubber, more cotton, more air space,

more sidewall area, more rubber in contact with the road. It's more for your money.

For years more tons have been hauled on Goodyear Truck Tires than on any other kind. Thousands of operators point to amazingly high mileage records as evidence of money saved with Goodyears. With this improved tire these mileages, these savings, will materially increase.

Goodyear sells more truck and bus tires than any other manufacturer. There is a Goodyear to fit every rubber-tired commercial vehicle—just the right type, size, price for any requirement . . . The Goodyear Tire and Rubber Co., Inc., Akron, Ohio.

• money savers •

GOOD YEAR
TRUCK AND BUS TIRES

The First FIRE INSURANCE COMPANY!



Chimney sweeps, employed by the town, constituted the first organized fire prevention effort.

In the war against fire loss, Mutual fire insurance management and the army of Mutual policyholders working together have won many a notable campaign.

This war will never end, for Mutual fire companies operate for saving and will continue to do so—for the direct benefit of policyholders, the owners of the business under the Mutual plan.

The Mutual ideal of conservation and its practical expression in fire prevention has reduced fire insurance rates in many fields as much as 50 per cent. Yet Mutual management has been able year after year to return substantial savings to policyholders—in total an amount so vast as to constitute a public benefaction.

The Mutual plan of insurance and the principles upon which it is based are older than any other form of insurance—older indeed than the nation itself. The 184 year record of Mutual fire insurance is an epic of stability and service.

Write for booklet on Mutual fire insurance. Address the Federation of Mutual Fire Insurance Companies, 919 North Michigan Avenue, Chicago, Illinois.

MUTUAL FIRE INSURANCE

An American Institution



This seal identifies a member company of the Federation of Mutual Fire Insurance

Companies and the American Mutual Alliance. It is a symbol of soundness and stability

all that, he could only get a paltry \$250,000 of federal government money for his Frontier Centennial.

Undaunted, he raised about \$3,000,000 of local money, making the total (federal, WPA, etc.) \$5,000,000. To this Mr. Carter added audacious showmanship. He conceded to Dallas a superiority in industry, commerce, science, art; he concentrated on entertainment.

From New York Mr. Carter imported Billy Rose, the agile composer of "Jumbo" and other spectacles. Mr. Rose's wages are \$1,000 a day. He brought along the "Jumbo" show which is to be housed in a special circular building. There will also be the Casa Mañana ("largest theater-cafe ever constructed"), a rodeo-wild west show, the Sunshine Trail of various allurements including Sally Rand's Nude Ranch with its widespread fans and fanfare. Paul Whiteman, Shirley Temple and other movie luminaries will be featured.

Most awe-inspiring is the Casa Mañana. It is said that under the Carter stimulation, the Rose imagination envisaged a theater which revolved with the audience about the actors. Engineering considerations effected a compromise on a "gargantuan, revolving reciprocating stage." Displaying an obvious effort at self-control the official literature adds:

"Two 450 hp. Motors Required to Operate this Leviathan of Rostrums, with its 4,264,000 Pounds of actual deadweight plus its Lovely Freight of 250 Eye-bedeavouring Coryphees over a Pool of Limpid Crystal containing 617,000 Gallons of Real Water."

And, Not to Be Overlooked—

There remains the general situation as to wassail. In Texas hard liquor must be bought at package stores; only wines and beers can be served on the per drink basis. But Ft. Worth whispers that Texas summers are highly dehydrating, that municipal hospitality demands indulgence of those who would do a bit of zionchecking.

Both cities are a little worried over rooming accommodations. Unlike Chicago, neither was overbuilt on hotels before its big show. Dallas has 130 hotels with 40,000 rooms; Ft. Worth 63 hotels with 3,423 rooms. In addition, a special Dallas bureau lists (with rates for each) 50,000 rooms in a 50-mile radius. Included are homes, tourist camps, school dormitories, etc.

Replicas of the Alamo are going up near town on all main highways. Here Texas girls will direct tourists to the nearest pillow at any time of the night or day and their silken drawl is guaranteed to soothe the most cantankerous wayfarer. Feverish building of new tourist camp facilities is seen everywhere.

What we are trying to tell you is that Texas is staging her centennial in a manner that befits our biggest state.

Stokers vs. Oil

Manufacturers of mechanical stokers meet next week; face problems arising out of big sales.

NEXT week's annual meeting of the Stoker Manufacturers' Association, at White Sulphur Springs, W. Va., is expected to rank as the most important in its history and may commit the industry to a far-reaching program of research and market development.

Sales of mechanical stokers have been growing by leaps and bounds in the last few years under the impetus given by the increasing popularity of stokers for home use. The pioneering work done by a mere handful of manufacturers in the home stoker field is bearing fruit and while those pioneers are getting a good share of the business, they are finding a rapid increase in competition from newcomers—some small assemblers who do more or less a neighborhood business, some concerns building home stokers as a sideline.

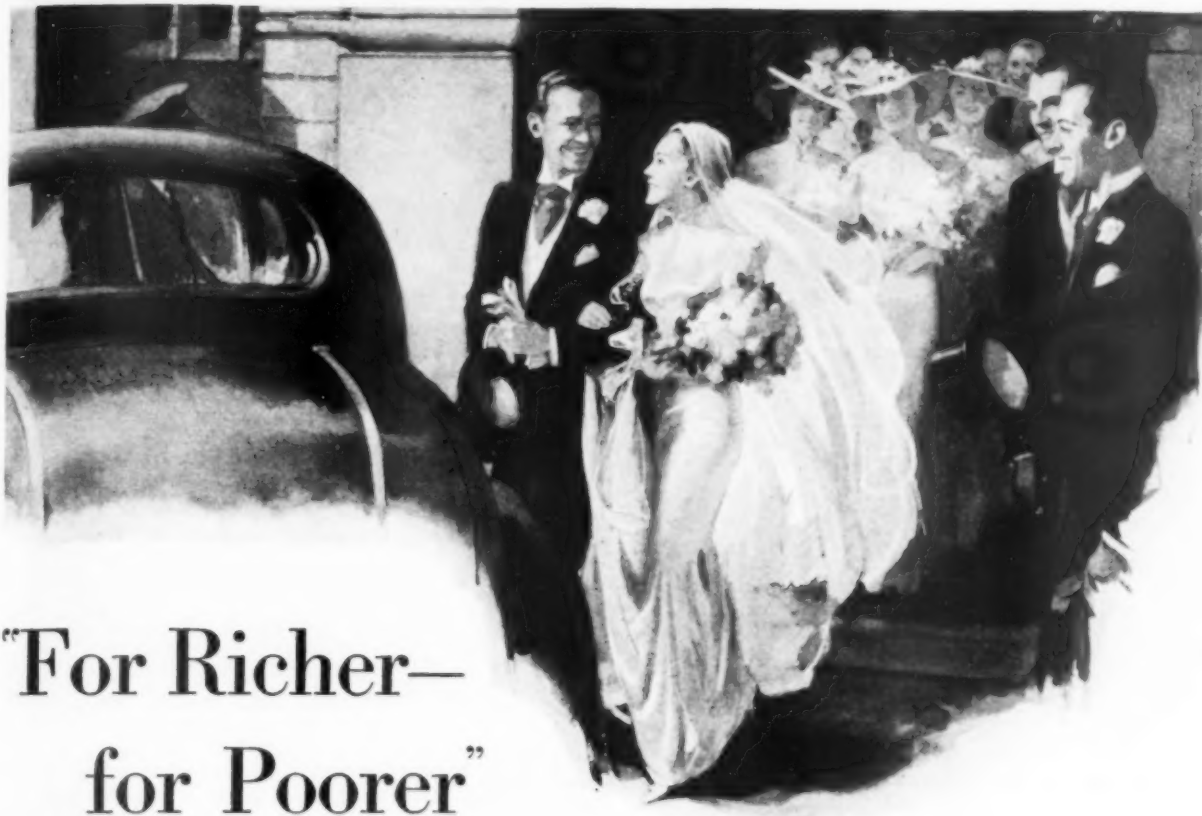
More Than 300 in Field

Figures compiled by the Department of Commerce show that while in 1931 only 21 manufacturers reported stoker sales, there were 55 a year later, and 108 reported sales for the years 1933, 1934, and 1935. However, insiders say that even that is only a partial record and they estimate that today over 300 concerns actually are competing for home stoker business.

This influx of new makers is partially responsible for some of the problems with which the stoker makers will struggle next week. Some members of the association feel that the time has come when some of the stoker ratings, terminology, installation, and service practices of the industry should be standardized. They argue also that some of the smaller makers are advancing extravagant claims and sometimes engage in practices which are harmful to the public and the industry, and hold that most of such cases can be straightened out easily if the industry goes on record with definite standards, etc.

However, some insiders predict that market development plans will take the lion's share of time available for discussion at the meeting. They point out that sales increases of stokers have been almost phenomenal in the last few years, cite a 500% increase in four years from 9,571 in 1932 to 47,926 in 1935. They claim that some of the pioneer manufacturers believe that this sales momentum can be maintained and even accelerated if an aggressive promotional or development campaign is carried through.

One enthusiast predicts that unit sales of stokers this year will pass the



"For Richer— for Poorer"

YOU will always remember the words of the wedding service, the flowers, the congratulations. Of course, you hope that in your married life there will be the least possible worry about money matters. You will probably be much happier when you can answer the question you are bound to ask yourself—"What would happen to my wife, if . . . ?"

There is a way to make sure that the brides of this year, last year and other years will be protected, should the breadwinner be taken away. An assured monthly income can be provided for a term of years, with a definite amount payable at the end of the period.

Would \$100 a month for ten years, with \$10,000 at the end of that time be enough for your wife's needs? Protection can be arranged in larger or smaller amounts, suited to your budget. Make your program



of protection flexible so that in the future it can be increased, or changed, to suit your circumstances.

A Metropolitan Field-Man will be glad to give you all particulars regarding the Family Protection Plan Policy. Telephone the nearest Metropolitan office and ask him to call—or mail the coupon.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Co.,
1 Madison Ave., New York, N. Y.

Without placing myself under any obligation,
I would like to have information regarding the
Family Protection Plan Policy.

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05-W

METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

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MANUFACTURER'S SALESROOM, NEW STYLE—Marshall Field & Co. opened eyes in Chicago last week with its new Manufacturing Division's showroom, one of the signs of new things to come in the Field policy changes under Chairman



James O. McKinsey. The recently-created Styling and Design Bureau has done a thorough job of revamping, restyling, modernizing, and George O. Young, in charge of the Manufacturing Division, reports a rush of orders, evidence of public interest.

100,000 mark and that eventually they will exceed those of oil burners. He bases his prediction on the rapidly mounting public interest, the natural leaning of people toward coal for fuel, and the record for economy that stokers can point to. This manufacturer cites the fact that at the National Home Show which closed at Chicago last week

12 stoker manufacturers who had exhibits there collected over 10,000 actual prospects, who indicated a lively interest in stokers.

Boosters of oil burners say that the stoker industry will find it difficult to catch up with the oil burner sales, that 1936 is expected to add nearly 200,000 homes to the 1,000,000 heated by oil.

But on the other hand, running from Aug. 27 to Oct. 5 will come a series of study tours that will take the delegates on special trains to New York, Schenectady, Niagara Falls, Cleveland, Detroit, Pittsburgh, the Tennessee Valley, and maybe across the continent. And the federal men are a bit uneasy about this. For once out of Washington, the atmosphere of private operation will prevail.

World Power Politics

New Dealers and utility executives work together to stage coming World Power Conference, each side hoping to prevail; 57 countries send delegates.

WITH 500 to 700 delegates coming from 57 foreign countries, the Third World Power Conference is shaping up for a big party in Washington from Sept. 7 to 12. But behind the scenes a pretty little drama is in process.

Leaders of the electric power industry are suffering remorse because they fumbled the opening play and let the government run with the ball. Federal officials at work on the program are fretting because they fear the privately owned utilities are after all going to steal the show.

The situation is not without its comedy also. The First World Power Conference was held in London in 1924. At that time O. C. Merrill was with the Federal Power Commission and a thorn in the flesh of the power companies because he urged drastic government regulation of utilities. The National Electric Light Association formed a permanent American Committee of the World Power Conference and asked Merrill to head it at a tempting salary. He represented the industry at the Second World Power Conference at Berlin in 1930, and an invitation was extended there to hold the third conference in the United States this year.

Meanwhile the Edison Electric Institute, successor to the N.E.L.A., had discontinued its Power Conference Committee and Mr. Merrill's job. Also, when the time came to start planning for the conference this fall, the utility

men were preoccupied with Washington worries and slow to respond. Merrill, therefore, turned to the New Deal power enthusiasts. They grabbed the idea and set it up.

The program, therefore, presents in addition to the President of the United States as honorary president of the conference, in accordance with custom, Sec. Ickes, honorary vice-president and chairman of the American national committee, M. L. Cooke, REA, head of executive committee, and eight other government bureau or state authority men in the executive committee.

The cooperation of the private utilities was cordially invited and the industry responded. The government has appropriated \$75,000 and the other interests are contributing to the finances in relative proportion. Floyd L. Carlisle, chairman of the Consolidated Edison Co. of New York, heads the finance committee. Five prominent utility executives and two executives of electrical manufacturing companies are working on the executive committee.

The program has the keynote of "National Power Economy" and has steered away from the "purely technical side of power development that has featured former conferences" for the "more fundamental and important problems of the relations of power resources, their development and use to the social and economic interests of the nation." To utility men this smacks of New Deal.

Balancing Both Schools

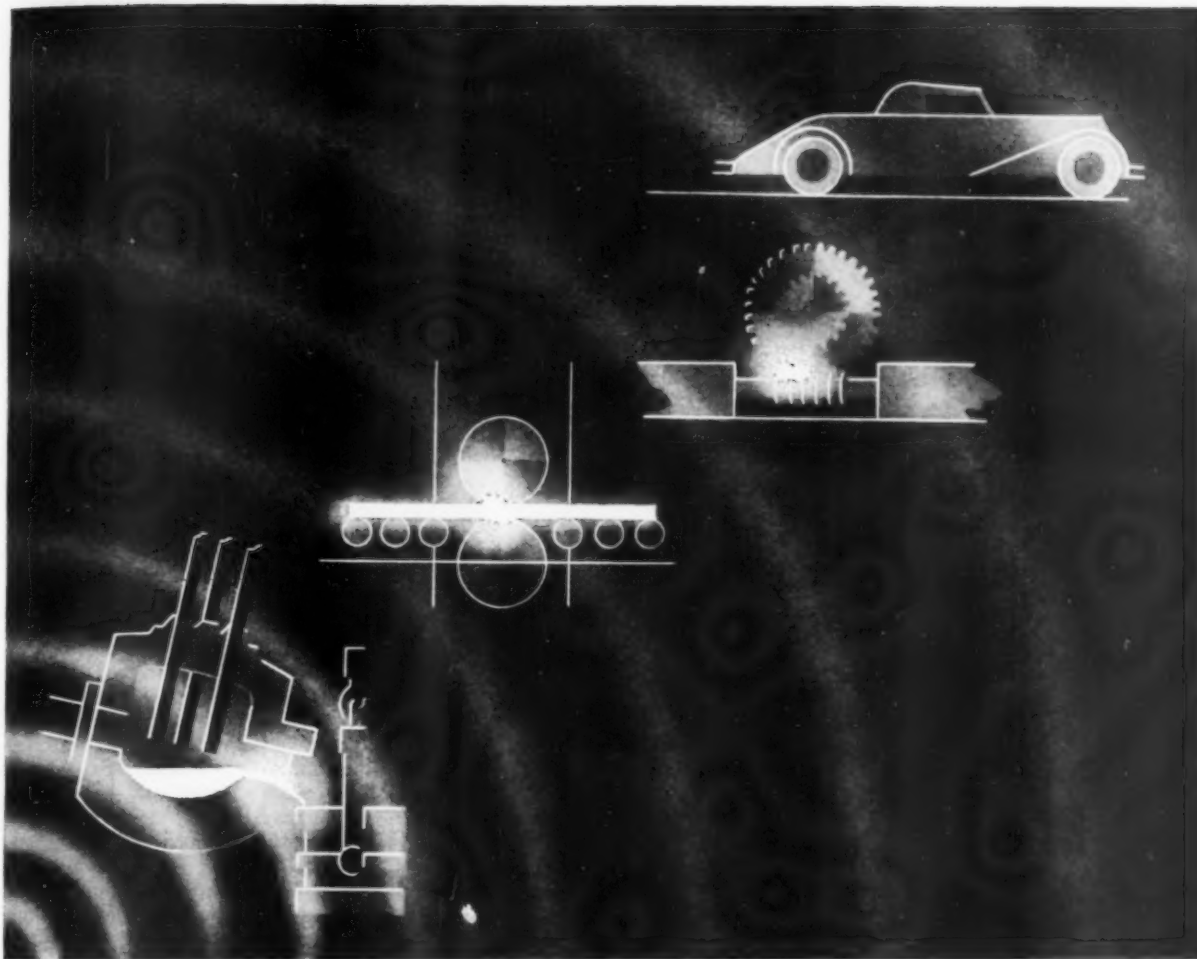
Scrupulous care has been exercised, however, to balance both schools of thought, in the speakers featured throughout the program. And the fact that many delegates come from countries where power service is under government control makes this appropriate.

The subjects under discussion at the conference will span the full sweep of power resources, from coal, petroleum, gas and electricity, the organization and regulation of public utilities to national and regional planning for utilization of natural resources. Altogether the conference should make a notable contribution to the advancement of international knowledge in this field.

Headquarters will be at the Mayflower Hotel. An exhibit will open Aug. 15, in which many government departments, industry associations, and the local utility companies will have educational displays. A special demonstration of rural electrification will be staged at a neighboring Virginia farm. About 3,000 delegates are expected.

A large delegation is coming from South America, with special interest in studying the American system of utility regulation. Many of their governments have been having trouble with their local public service companies and undoubtedly vice versa—ask the American and Foreign Power Co. Whether these delegates will find the solution they seek is another question.

Concurrent with the World Power Conference, the Second Congress of the International Commission on Large Dams will be held in Washington. These meetings are strictly technical and will be tied in with visits to the great government developments on the Tennessee and probably the Colorado and Columbia rivers.



RIPPLES from the purchasing agent's desk

DROP a stone into a placid pond — and each ripple, as it widens, touches everything in its path. Drop an order into the mail for a material for your product, or a piece of equipment for your plant — and the effects of your choice may be far-reaching.

Molybdenum — "industry's most versatile alloying element" — has not only simplified the buying of irons and steels. . . . It has enabled thousands of concerns to pass worth-while savings along to their customers.

Automobiles offer a case in point: Production machinery, made longer-lived and more efficient through

the use of Moly, has much to do with their low price. Even the more durable Moly-containing rolls, which roll practically all steels today, contribute an economy felt all along the line of production, sales and performance. . . . To say nothing of the direct advantages that Moly irons and steels make possible in the product itself. Both buyer and sales manager do well to capitalize Moly's merits.

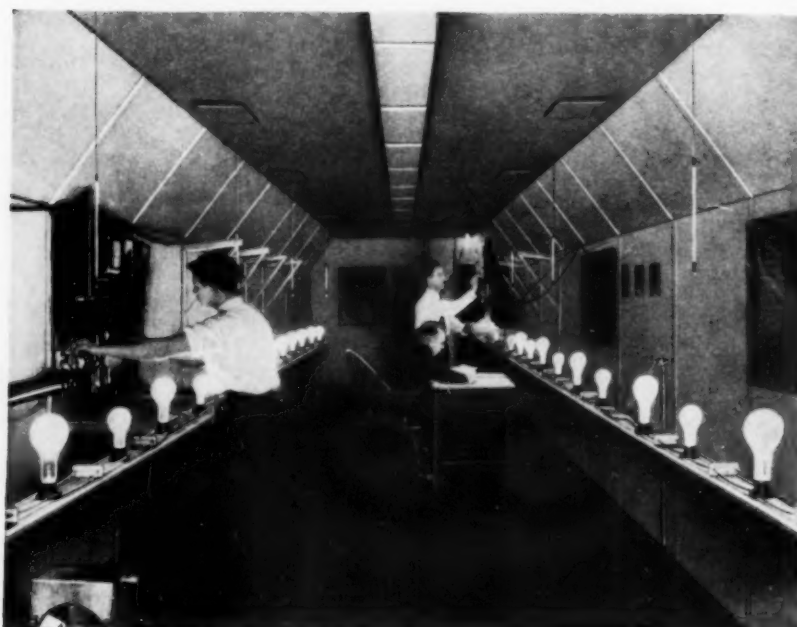
Manufacturing and industrial executives and their associates will gain a fuller appreciation of Moly's advantages from our interesting non-technical book, "Molybdenum in Industry." Send for it. Climax Molybdenum Company, 500 Fifth Ave., New York.

MOLY SALES
CUTS COSTS



Solving

AIR CONDITIONING PROBLEMS FOR NATION'S RAILROADS



WORK in a packing case? No, this is the Sturtevant Railway Air Conditioning Laboratory. Not at all like the popular conception of a modern research "lab"...but a very unusual and successful laboratory designed by Sturtevant for use in working out practical air conditioning problems for the railroads.

It is a full-size replica of a railway car interior. Built in sections, its dimensions and shape may be altered to represent any type of car. Even the heat ordinarily emitted by passengers is artificially but

accurately produced. In fact, the lights you see are the "human heat load".

As in other fields, Sturtevant "Puts Air to Work" for railroads with utmost efficiency and economy. As a result...35 railroads now use Sturtevant Railvane Air Conditioning Units or Systems.

B. F. STURTEVANT COMPANY
Main Office: Hyde Park, Boston, Mass.

Sales Offices in 40 Cities. Plants at Hyde Park, Mass.; Framingham, Mass.; Camden, N.J.; Sturtevant, Wis.; Berkeley, Cal.; Galt, Ont. B. F. Sturtevant Company of Canada, Ltd. Galt, Toronto, Montreal.

Sturtevant
REG. U. S. PAT. OFF.
Puts Air to Work

WORLD'S LARGEST MAKERS OF AIR HANDLING AND CONDITIONING EQUIPMENT



Spread of Strikes

Labor irked by lower weekly wages and adverse court decisions; unions are active.

FROM the celery fields of southern California to the manufacturing towns of New England and the East, from Alabama mining towns and Arkansas cotton chopping areas to logging camps in Oregon, a wave of labor unrest spread this week, setting many a business man to wondering if there was a common link in the numerous strikes and near-strikes.

It is estimated that upwards of 75,000 workers are involved in the labor disputes which reach a score of variegated industries in as many states. Some of the strikes are peaceful, others are not.

How It Builds Up

Searching background and buildup of these disturbances, observers are beginning to draw a thread of reasoning through the apparently unrelated actions of organized groups. It runs like this:

1. With the rush of New Deal measures during 1933 and 1934, labor benefited by higher wages, lower hours. Organizers rested on their oars; the government was doing more for them than they could do for themselves.

2. Supreme Court decisions against the Railroad Pensions act, NRA, and Guffey act meant that employers regained a measure of self-government, but the realization of this did not penetrate the average working man's consciousness until actual revisions of wage scales began. Organizers, having taken a two-year rest, started to work and right now are very busy indeed, selling their followers on the "back to the trenches" idea.

3. Labor feels that it has to make its presence felt during a presidential election year, thereby gaining attention in the form of promissory platform planks.

Rising Profits Cited

Because it feels that it is once more on its own, more or less, labor can be counted upon to be tough, disinclined to listen when it is pointed out that the average hourly wage is higher than in 1929, and apt to retort that weekly wages are lower and that the rise in production and dividends has recently gone far ahead of wages. Labor leaders have stated their feeling that the Wagner act is bound to follow the Guffey act into the ashcan, and this week's decision against the New York minimum wage law is tantamount to cutting away another fading hope—it is evident now that neither states nor the federal government can regulate production. Net result: More strikes may be expected, and more insistent demands for the major parties, in convention assembled, to "do something."

Mass Attack on TVA

As power executives hold convention in St. Louis, 19 companies sue Tennessee Valley Authority on broad grounds, alleging injuries and asking injunctions.

ON the eve of the annual convention of the electric power industry, 19 power companies made a simultaneous assault upon the constitutionality of the Tennessee Valley Authority. As a result discussion has been running high about the hotels and the municipal auditorium in St. Louis where an enthusiastic business meeting was held this week.

Injunction suits were filed in the United States District Court for North Alabama at Birmingham and in the Chancery Court at Knoxville. The two suits are identical in all important respects. They allege that the TVA act and operations under it are unconstitutional because—

They are not authorized by any power delegated to the federal government; they attempt to extend federal power over matters of interstate commerce and local police power; the act attempts to delegate legislative power to the President and administrative officers; it fails to provide for any hearing for persons whose rights will be injured, and it seeks to fix rates for utilities by means of federal subsidized competition, denying them due process of law.

Arthur E. Morgan, Harcourt A. Morgan, and David E. Lilienthal, directors of the TVA, are named as codefendants. The action follows a long fruitless effort to reach a solution through adjustment and compromise, in which the companies offered to buy all the TVA power at wholesale and distribute it. Now Newton D. Baker steps out as attorney for all 19 companies, to do battle against the New Deal power policies.

Last Decision No Help

Intense interest centers on this suit. The last TVA decision of the Supreme Court settled nothing except that a small group of preferred stockholders of the Alabama Power Co. were entitled to sue, if they felt their interests were injured when Alabama Power sold some of its properties to TVA.

That was a suit of individuals on a technicality. Now the companies themselves are suing on broad claims to focus the issue on the legality of the TVA itself and its power program. It cites plenty of injuries alleged to have been suffered already, including loss to stockholders on the value of threatened securities. It argues that the TVA yardstick is "dishonest, unreasonable and confiscating," and that TVA competition is unfair because (1) of the \$125,000,000 invested at Muscle Shoals TVA charges only \$21,000,000 against power; (2) it uses funds obtained on the

credit of the United States; (3) it is relieved of the cost of complying with state laws and regulations; and (4) it franks its letters, bills, and advertising matter.

The court is asked to say if these things are lawful under the Constitution. But it remains to be seen whether the nine Supreme Court justices, when the case finally reaches them on appeal, will rule this time only on the accomplished sale of power from federal dams. Or will they discuss the broad principles involved and embrace the other Tennessee developments? And if so, will this be binding on the Columbia River and the Colorado?

Unions Ask Writ

Seek to restrain San Francisco Industrial Association's board from recommending wages.

THE court injunction, usually employers' meat and labor's poison, is being used in reverse in San Francisco where officials of local building trades unions are attempting to block functioning of the Industrial Association's Impartial Wage Board, set up to recommend adjustments in wages for the 54 building trades crafts there.

Union officials have asked Superior Court Judge Daniel Deasy for a temporary order, and also a permanent injunction, restraining the board from issuing wage recommendations. The temporary order was refused last week but hearings will continue on the plea for a permanent injunction. Labor claims that the board constitutes a threat to the right of collective bargaining and an interference between employers and unions in wage contracts already in force.

The present board, first to be challenged by the unions in 15 years, is the seventh to be appointed under the Impartial Wage Board Plan established in 1921 as an aftermath of a serious strike in the building trades. Sponsored by the Industrial Association, the system attracted wide attention among economists and labor relations experts throughout the country. Building contractors, materials dealers, home builders and other interested parties have cooperated in supplying data to the board and there have been few major disputes in the building trades since the plan was adopted. Findings of the group are merely recommendations with no power of enforcement behind them.

Advertisement
Published in
1922



**HOW THE RIVITZ COMPANY
CUT HAULING COSTS 75%**

TODAY

**THOUSANDS REPORT
TREMENDOUS SAVINGS**

Fourteen years ago, a statement like that made by the Rivitz Company was vitally important news to industry.

Today it is just as important—but reports of such huge savings are common because the use of Yale (Stuebing Cowan) Trucks has been vastly multiplied throughout the industrial world.

WHY? Because this modern equipment DOES save many thousands of dollars for users by their speed, efficiency, safety and amazing durability in lifting and hauling all types of materials.

The evidence is overwhelming. It is FACT, not theory; ACTUAL EXPERIENCE, not mere conjecture. In every field of industry, stories of Yale performance are everyday news.

Yale Trucks can save YOU money. We are ready to prove this to you beyond question by the experience of your own industrial neighbors.

**5c a Month Upkeep
for 51 Trucks**

That is the maintenance cost reported by one user over a 2-year period. Yale Trucks stand the gaff! Year in, year out, they handle capacity loads without flinching. Steel constructed, precision built, exclusive features provide easy roll, easy lift, years of constant service.



THE YALE & TOWNE MFG. CO.
Philadelphia Division
Philadelphia, Pa., U. S. A.

Blazing the Labor Trail

Westinghouse in its 50 crowded years has pioneered in industrial relations. Its 35,000 employees get the benefit of a comprehensive plan.

IN taking a survey of the broad field of employer-employee relations, one conclusion is inescapable: As employers realize the complexities of their problems in dealing with their working forces, they also discover that a few companies have blazed the trail in each industry, and stand ready with advice.

Further, the average wideawake business man today is able to draw certain comparisons between his plant and the other fellow's, even though they may be in entirely different fields. Thus it is that such outstanding successes in human relations as those achieved by Standard Oil of New Jersey, Bethlehem, A.T.&T., Westinghouse, Armco, Procter & Gamble—to name a few of those studied in the present *Business Week* survey—are well worth close inspection.

From Simple Beginnings

Westinghouse, the huge electric manufacturing company which is celebrating its 50th anniversary this year, is an excellent example of the modern business which began studying its employees' problems with its inception, and has built a complete plan to take care of the complex organization which grew from simple beginnings.

When George Westinghouse organized his company in 1886, he knew most of his employees by name—there were about 200 of them and it was no great task to keep track of them. Today there are around 35,000 employees, and the Westinghouse industrial relations program includes these things:

- Collective Bargaining
- Incentive Plans
- Savings Fund Administration
- Wage and Salary Policies
- Salary Classification and Records
- Annuity Plan Administration
- Unemployment Insurance Administration
- Group Life Insurance Administration
- Relief Association Administration
- Association Activities
- Vacation Rulings
- Separation Allowances
- Welfare Activities and Donations
- Employees' Personal Problems
- Organization Charts
- Employment Applications
- Clerical and Technical
- First Aid and Medical Service
- Medical Examinations
- Control of Dust Conditions
- Health Surveys
- Workmen's Compensation
- Emergency Aid
- Accident Prevention
- Suggestion System
- Employees' Restaurants

The company's policy is outlined in this definition of its own ambition: "To

recognize each employee as an individual and to encourage his interest in improving the product, the working conditions, and the welfare of the company as a whole."

Which means that the worker has to have a decent wage, a chance for advancement, a feeling of security against old age and sickness, and a settled conviction that his employer is giving him a square deal, all the time. Through such a policy, the company has been able to list these benefits: satisfied workers, a minimum of labor disturbance, high employee interest, and participation in voluntary parts of the welfare program. The Relief Association plan, for example, is voluntary, but 25,000 employees out of 29,000 eligibles have joined. The Savings Fund reports approximately 11,000 depositors.

Mechanically, the job calls for a headquarters staff, especially trained in personnel work and headed by an executive officer; a centralized industrial relations department in each branch plant, headed by a supervisor; and a complete system



VICE-PRESIDENT'S JOB—Westinghouse believes the job of directing industrial relations is no task for an amateur or for a minor executive. Vice-President W. G. Marshall is at the top, with a trained headquarters staff to assist him in formulating policies and coordinating the work of various divisions.

Early and Late

Executives who relate their experiences in industrial relations for *Business Week's* current survey of employer-employee problems agree that an early start means a great deal in working out a permanent policy—and that keeping everlastingly on the job of adjustment means even more. A sound method cannot be worked out overnight, neither will it stay put without attention and revision to meet changing economic and sociological conditions. By close, constant study, however, human relations policies can be made the strongest link between employer and employee.

of training and supervision reaching the workmen through foremen and group supervisors.

Headquarters maintains close working relations with the plant supervisors, and also with the general managers. The local managers look to headquarters and to the executive at the top for counsel on difficult or involved problems; for ordinary routine there are company policies covering most cases.

Conditions peculiar to individual localities in which plants may be situated sometimes prevent application of general policies to certain activities. Where this is the case, local managers confer with headquarters and establish a local policy to meet company rules and local conditions.

Westinghouse is thoroughly sold on the value of keeping information up to date, of maintaining personal contact between supervisors, and of distributing regular instruction to all. To this end, managers and representatives at the various plants meet with headquarters personnel, from time to time, for group discussion.

The Company Creed

In simple terms, the Westinghouse message to its employees is this: "Your job is going to be as worthwhile and as profitable as management justifiably can make it, your advancement is an ambition of ours as well as yours, the opportunity for security against all foreseeable hazard is open, and your participation is invited."

Fair dealing and satisfaction go hand in hand, the company believes, and cites its record as proof. In the Westinghouse organization are 12,000 employees with more than 10 years' continuous service, and more than 3,600 employees who have served 25 years or longer.

Thus, in a period of recovery wherein many a business finds itself beset with labor "demands" and labor "trouble," Westinghouse is thankful for its relative stability, and for the mutual understanding which it feels has been achieved.

Air Conditioning for **RATS?**



. . . yes, the finest possible—for it means healthier American children

ONE OF THE MIRACLES OF MEDICINE has been the development of the vitamins, those mysterious elements that are so important to human health. Outstanding in this field have been the Abbott Laboratories of North Chicago, who have pioneered in the commercial production of Viosterol, Haliver Oil and other vitamin concentrates.

And to the end that these products shall always be uniform and of known potency, York Air Conditioning plays an important part. For vitamin content must be tested biologically, upon animals in the laboratory—and ideal conditions must be maintained winter and summer for accurate results. The animals live their entire lives in controlled conditioned atmosphere.

So accurate is the York Air Conditioning system used by Abbott that the year-round temperature varies less than 1 degree, the humidity less than 1%. In turn, this accuracy is reflected in the uniformly high quality of Abbott vitamin products which are widely employed by physicians in furthering the health of the nation, par-

ticularly of growing children. It is seldom, of course, that the average manufacturer has need of such exacting standards in air conditioning. But there is satisfaction in knowing that York Air Conditioning is engineered to meet just such a degree of precision, if called upon. And this same engineering precision is reflected in the economy of operation and trouble-free efficiency which York customers enjoy.

Of particular interest, too, is the nation-wide engineering service provided by York through headquarters branches located in every important center of demand. Recognized as "Headquarters for Mechanical Cooling" for over fifty years, today the York organization comprises more than 3100 members devoted solely to this specialized, modern field.

YORK ICE MACHINERY CORPORATION, YORK, PENNA.
HEADQUARTERS BRANCHES THROUGHOUT THE WORLD

Commercial and Industrial Air Conditioning . . . Commercial, Industrial and Institutional Refrigeration . . . Dairy and Ice Cream Plant Equipment.

YORK

Headquarters for Mechanical Cooling Since 1885

A I R C O N D I T I O N I N G • R E F R I G E R A T I O N

Chicago Traction Reorganized

World's largest street car system sold to representatives of security holders for \$33,100,000, after 10 years' constant struggle.

LAST week's sale of the \$169,000,000 properties of the bankrupt Chicago Surface Lines to the only bidders, representatives of a reorganization committee of security holders, for the sum of \$33,100,000 has renewed in trolley-car traveling Chicagoans the hope for an up-to-date coordinated system, while equipment manufacturers are making eyes at the tied-up \$20,000,000 fund that will be available for new purchases if the sale is approved.

Although they are the world's largest street car system, the Chicago Surface Lines have been dogged by franchise and financial difficulties for many years.

Their franchise troubles started with the 1907 franchise. That gave the city the privilege to buy the combined properties at \$169,000,000, but it has not exercised that option nor has it renewed the franchise (which expired in 1914) except for temporary periods, and in recent years these renewals came down to a day-to-day basis.

Financial troubles started in 1926 when the first of the four traction companies went into receiver's hands, and they became acute after the three others

went the same way. Since then three major attempts at reorganization have been made.

Samuel Insull tried his hand at it in 1930, launched a plan which included unification of surface and elevated lines, but failed to put it over. A second attempt made by a different group also went by the board. Those responsible for the present, the third attempt, are confident that it will take and available data justify their optimism.

The so-called Abbott plan of reorganization which is now being tried was originated by a committee of which W. Rufus Abbott, a former official of the Illinois Bell Telephone Co., was chairman, under appointment by Federal Judge James H. Wilkerson. That plan has the approval of over 90% of the first mortgage bondholders and of a majority of junior bond and other security holders in the four bankrupt companies.

If it is approved by the court the newly organized Chicago Surface Lines, Inc., will have control of the entire system under a financial structure that provides for \$72,700,000 of first mortgage

5% bonds, 931,139 shares of preferred stock that would draw \$50 each in case of liquidation, and 526,572 shares of no par common stock. The plan is unique in that it makes definite provisions for participation by holders of defaulted junior issues and common and preferred stockholders in the defunct companies.

Despite these unusual features a small group is petitioning the court in opposition, wants the whole matter carried through under section 77-b of the bankruptcy act. Insiders doubt whether they will get very far with that action and predict that Judge Wilkerson will approve the sale when that matter comes before him on June 19. Chicago trolley riders and straphangers hope that reorganization will be speedy and complete.

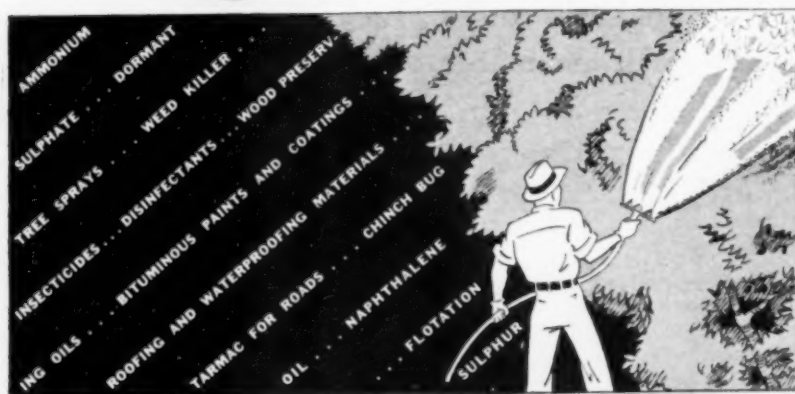
Big Bill Wants to Know

However, former Mayor William Hale Thompson wants to know what will become of the \$60,000,000 which the city has accumulated in its traction fund, if the system no longer is for sale.

In some local quarters it is stated that the city escaped from buying a near-dead horse. It is asserted that trolley cars are being replaced by busses in many large cities, including New York, in most cases for economic reasons, and that Chicago, being little different from other cities, will have to go to busses, in which event the new traction interests will find themselves with over \$100,000,000 tied up in cars and tracks.

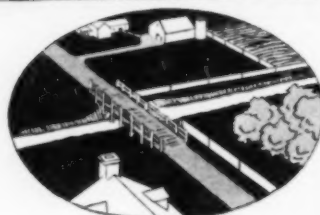
To this criticism insiders reply that the First National Bank of Chicago and the Harris Trust and Savings Bank would not have taken such keen interest and acted for the Abbott committee in bidding in the assets if they doubted the soundness of the properties.

KOPPERS and Agriculture



Koppers has initiated notable studies in the control of fruit and field crop blights . . . in the development of proper insecticides and disinfectants . . . and in the preservation of timber. To agriculture it also supplies materials for the construction and maintenance of buildings, and the construction of roads and driveways.

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6. Light Oils
7. Tar Acids
8. Coal Tar Pitches

Farm Tools Boom

Sales are up 25% and the pace still accelerates.

THE farm equipment industry is piling up new records for the period since the depression low, with sales averaging 25% better than 1935 so far this year, some manufacturers reporting increases of 40% to 50%, and buying as a whole still gaining momentum.

Power equipment such as tractors and tractor-drawn plows, harrows, etc., account for the largest slice of the total sales volume as well as for most of the increase. In fact even last year tractor sales broke through the \$112,000,000 mark—the average for nine years, 1922 to 1930, which the industry considers its normal—and this year promises to top the 1935 total of \$123,000,000 by a considerable margin.

Tractor sales also demonstrate that the current agitation for mass production of farm crops is not scaring small farmers into laying down the plow. Wit-

ness the sales of the so-called one-plow tractors, which were introduced only three years ago by the International Harvester Co. Since then thousands of small farmers have tried them and found them economical and practical. They have gained so rapidly in popularity that today most of the important manufacturers make them, and sales of these contribute heavily to total tractor sales.

Current conditions in the money market also have helped to boost sales of farm machinery. During a considerable part of the last decade many farmers were unable to borrow at local banks for equipment purchases. Today when bankers can get only 2% to 3% on government bonds, they welcome a chance to put out money at 5% or 6% for farm equipment loans. Manufacturers and their agents report that hundreds of sales are being made "cash with order" and in some territories where, previously, farm machinery agents were doing the bulk of their business with the manufacturer on a paper basis—notes with varying maturities—the agent now is paying cash for his purchases.

Tabulations of 1935 production of farm machinery recently completed by the Department of Commerce show improvement in every branch of the industry. Total 1935 sales for domestic use were \$300,000,000 compared with only \$117,000,000 in 1932—the lowest reached in the depression—and \$458,000,000, the 1929 and all-time peak.

Back to Normal

Some manufacturers contend that instead of taking the 1922-30 average as normal, the 1930 sales should be considered such and they believe that the \$382,000,000 sales total of that year will be reached in 1936. They point out that even in 1935 the sales of haying machinery, engines, farm wagons, and trucks either equaled or exceeded those of 1930 and they argue that with substantial increases in tractor, plow, and cultivating machinery already in sight and a substantial boost in sales of harvesting machinery to be expected, there is no reason why 1936 sales should not top \$400,000,000.

H. D. Davis, director of research of the Farm Equipment Institute, is more conservative in his estimate. He admits that late arrival of spring weather in most agricultural sections has delayed buying and believes that sales will be jumping ahead at a good clip, but he does not expect the 1936 total to exceed \$375,000,000.

With power equipment gradually replacing older types, manufacture of farm machinery gradually has become centralized to a point where today 10 companies do the bulk of the business, although some items such as horse-drawn plows, harrows, and feed mills still find 30 or 40 manufacturers competing for the business.

Canners' Confabs

11 Far Western states increased output value last year.

CANNERS in the 11 Mountain and Pacific states, preparing for the heavy fruit packing operations immediately ahead, gathered in their state association meetings last week to determine their position, sample their products for quality, discuss industry problems.

The industry was cheered by the news that production of preserved foods in the Pacific Coast area reached a value of \$368,786,936 last year, practically up to the high points of 1928 and 1930. From the low point of \$230,721,580 in 1932, there has been a rise of nearly 60% in total value of output.

Surveys by *Western Canner & Packer* show percentages of gain and loss in valuation for 1935 over 1934 as: total gain, 6.33%; canned fruits gain, 14.66%; canned vegetables gain 22.96%; canned fish loss 11.13%; dried fruit loss 6.02%.

Most startling development in the field of frozen foods last year was the sudden increase in demand for frozen vegetables of which peas constituted about half. Volume in 1934 was 750,000 lb., in 1935, about 7,500,000.

The peach packers, who early this year accepted offers of chain store organizations to sell their huge carry-over by a "canned peach drive" (*BW*—Apr 4 '36, p. 24) were cheered by reports of a 706% increase in sales by the Eastern division of A&P for the first week of the campaign, and a gain of 154% by Safeway Stores.

Pooling Freight

Eastman approves experts' proposal, urges compulsion.

WASHINGTON (*Business Week Bureau*)—With a three-year extension of his thankless job as Transportation Coordinator still in doubt, Joseph B. Eastman approved this week the proposal of his traffic experts for the pooling of merchandise freight. He doesn't insist that such freight be handled by two competing railroad-owned merchandising agencies, as suggested (*BW*—Mar 31 '34, p. 17). There might be three or four. He doesn't insist that the pool be national in scope in the first instance; concedes that a gradual approach along local or regional lines might be better in the long run if the railroads were eager to make it succeed, but he asserted that because of dillydallying some form of compulsion is necessary.

Concerning the railroads' objection to "nationalization" of their traffic, Mr. Eastman pointed out that an important part of their merchandise traffic has long since been pooled by express agencies.



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Combines in one compact, self-contained enclosure—ANY standard constant speed motor, a REEVES speed-varying mechanism and, where required, speed reduction gears.

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● PRODUCTION executives are praising this attractive new REEVES combination variable speed drive. It extends all the many advantages of accurate, wide-range r. p. m. control to more manufacturing processes.

Installed easily where, due to space limitations, the mounting of a driving motor, variable speed mechanism and reduction gears as separate units with their driving connections would be difficult. In different combinations of sizes, speed variation ratios and reduction gears, output speeds from 1.35 to 3480 r. p. m. are obtainable.

To obtain any desired speed on any machine driven by this unit, operator merely turns handwheel. Effects speed changes smoothly, quickly, accurately while driving. Releases full capacities of men and machines. Eliminates lost motion and inaccuracies caused by speeds that are too fast or too slow. Available in horizontal and vertical designs—each in five sizes taking any standard constant speed foot type ball-bearing motor from ¼ to 10 horse power. Based on time-tested principles of speed variation used by REEVES in the famous Variable Speed Transmission and Vari-Speed Motor Pulley.



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SPEED CONTROL
A Complete Line of Equipment

REEVES PULLEY COMPANY, Columbus, Ind.
Send Catalog BM-363, which describes the new REEVES Motodrive and its application to production machines. (BW-B-36)

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Struggle Over Market Margins

Wall Street protests new regulations, and Stock Exchange issues questionnaire to get the facts which may produce reasons for a reduction.

WALL STREET believes in yelling when it's hurt and the squeals now issuing from the chasms of lower Manhattan are piteous in the extreme. So far, though, no palliative has been discovered and the New York Stock Exchange's official action in launching a questionnaire on margins is designed to aid primarily in diagnosis. However, if it is decided that the cure can be expected through treating margin ills, officials of the stock exchange can be expected to take steps.

Mr. Gay Intervenes

As it stands now, the Big Board authorities are inclined to stick on the fence between members who are loudly demanding lower margins and the Federal Reserve which is firmly suggesting that the new regulations be given a fair test. Exchange President Charles R. Gay and his lieutenants already have been to Washington to wait upon the Federal Reserve and the Securities and Exchange Commission. They presented data which they thought were both important and impressive. They got a respectful hearing and no results.

On that occasion the Washington regulators of credit and markets were told that an undetermined amount of trading in American stocks is being driven to Canada and to London; that trading conditions in local markets are dangerously thin, to the detriment of that small investor who is supposed to be

protected. In fact, Mr. Gay is supposed to have stopped off on the exchange floor and picked up actual figures from the specialists' books on a score of leading stocks before he went to Washington.

One of the things Mr. Gay is said to have told the Federal Reserve (the SEC is sympathetic to Wall Street's margin complaints) is that the specialist's book showed a spread of a full point between the bid and asked prices quoted for General Motors—an issue totaling over 42,900,000 shares owned by more than 330,000 individuals, in which the market spread for years has rarely been more than one-eighth of a point.

There has been some hope in brokerage circles that the Federal Reserve would modify its stand—persistent reports have been heard to that effect—but the best opinion in Washington is that no change is near. The 1935 banking laws were aimed specifically at centralized control of credit and the new Board of Governors is reported to be taking this job very seriously. The governors are known to feel that the present dead stock markets may be attributable to a lot of things other than margins—or in addition to margins.

In this, Stock Exchange authorities are inclined to agree with reservations. They know that the April break in prices (which may or may not have been hastened by the imminence of the new mar-

gin rules) tended to deaden speculative interest. They realize, too, that some of the SEC rules have a restrictive influence. The capital stock tax, moreover, freezes many traders with profits. But they don't believe that 55% margins are justified by present market conditions and they don't believe that trading would have dwindled to 600,000 and 700,000 shares a day if it were not for the new margins.

Specialists Restricted

They cite examples. Specialists who often took a personal position of 1,000 shares (under the old margin rules) to balance things when either buying or selling orders predominated now can swing little over 500 shares. Customers' accounts become restricted (they cannot buy) whenever an account shows a loss—which means they can't "average down."

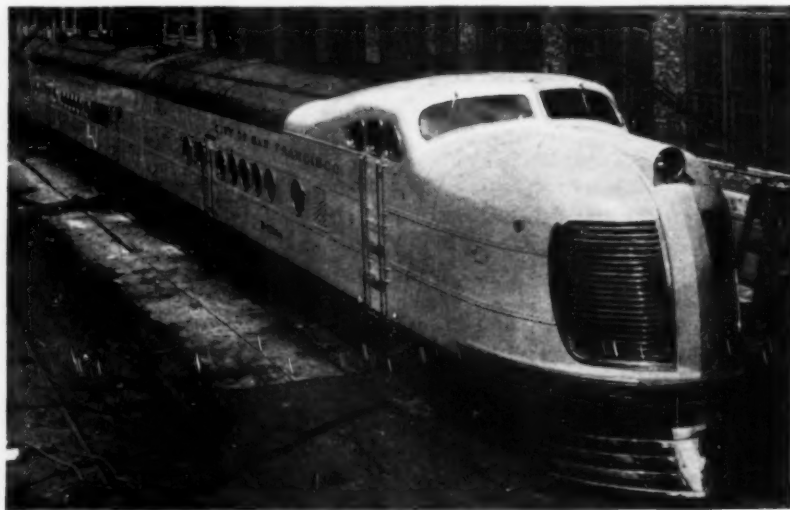
Those "restricted accounts," moreover, have a further effect. There is the story (it's true, too) about the trader who was carrying stocks worth \$114,968 and who went to his broker to withdraw \$1,000. The broker checked up and found that the stocks were \$188 below their original cost; the account was in the restricted category and no money could be withdrawn. The trader sold out—he may have reopened the account with another broker or he may have put the money in the bank. A similar story is told about a small customer of another house who had \$5,000 in cash up as margin; he wanted \$100 and was told, "Nothing doing." He sold out, decided the market was no place for him. Every time somebody gives up it makes it that much harder to buy and sell in these thin markets, wails the downhearted commission house. (Commissions vanish, too.)

London Demands Less

The Stock Exchange admits that there may be some exaggeration about the number of customers who are trading in Canada and England. But brokers report that it is often easier to get execution abroad (and not only in the old timers like U. S. Steel, the big oils, and the rails). On top of that, margins run around 25% in London against 55% here. In any event, there has been an increasing trickle of American trading going abroad for three years; Wall Street fears it will become a flood.

The questionnaire the Stock Exchange has sent out (with Federal Reserve's knowledge) asks reports as of Mar. 31, Apr. 30, and May 29 on long accounts. The idea is to find out what percentage is restricted and how much buying power there would be if margins were lowered.

If it thereupon appears that the new margins have frozen too many, Mr. Gay has promised members that he again will go to the Federal Reserve.



TO THE COAST, ONE DAY SAVED—Ready for her inaugural run (June 14) via Union Pacific's Overland Route from Chicago to the West Coast, the City of San Francisco has been given her final polishing, tuning up. Pullman-Standard built the nine articulated body units; Electro-Motive Corp. turned out the two-unit diesel-electric power car; General Electric produced the generators, motors and controls. The train is a sister to the City of Los Angeles, and will operate on a 40-hour limit, thus saving a full day. Southern Pacific and North Western share in her operation.

Federal Debt Up, Interest Down

Record peace-time flotation is instantaneous success at new low rates, and Treasury will work fast to replace short-term securities with long-term.

FEDERAL debt soared into new high ground this week and federal credit went over the top with it—a most confusing paradox.

The United States becomes a debtor to the tune of \$32,600,000,000 and simultaneously interest rates on its obligations plop to a new low.

Which is the financial way of saying that the record peace-time (\$2,050,000,000) offering went over with a bang. Both the \$600,000,000 15-18 year 2½% bonds and the \$400,000,000 5-year 1½% notes were oversubscribed. In addition, \$1,050,000,000 maturing obligations were swapped for the bonds or notes.

As expected—and as seen to—a decided preference was shown for the 2½s, abetting the Treasury in its program to rearrange the federal debt, so that short-term maturities will not be popping up every month or so for refinancing (BW—May 30 '36, p.26).

Financing With Finesse

The financing was carried out with Culbertsonian finesse. The 2½s were strategically priced and went immediately to a premium. Thus, anyone shelling out \$1,000 for a bond could turn around and sell for approximately \$1,012.50. The notes went to a premium of \$7.50 per \$1,000 bond. Hence there was an immediate attraction for both issues; hence, also, the long-terms were more attractive than the short-terms.

Because new offerings of Treasury bonds and notes are always priced attractively, the chiseler comes in for a rake-off. He subscribes and sells, scalping a profit. It is a business which is strictly legal, but which is a pain in the neck to Sec. Morgenthau: first, because legitimate investors are crowded out, and second, because it results in padding of subscriptions.

By padding is meant this: A speculator will be able to handle at most \$100,000 of bonds; but he knows that if he asks for only \$100,000, he will be allotted, if lucky, only \$25,000; also, he knows that if he gets more than he wants, he can sell at a profit. Therefore he puts in a request for a million or so of bonds. If he gets too much, he sells; if he gets only \$100,000, everything is still fine and dandy.

Such subscriptions indicate a false demand for government bonds—a demand that does not truly exist. In order to obtain a realistic index of Treasury credit, Sec. Morgenthau took measures to curtail the "free-rider" (the man who rides with the offering for a riskless

profit) and the subscription padder in the recent flotation.

Commercial banks were asked to sift out bids which seemed spurious; Federal Reserve institutions checked and rechecked requests, and 10% deposits (against the former 5%) were required from non-banking institutions to accompany subscriptions. Despite these restrictions, the offering crashed over like a common stock flotation in 1929. The bonds were the longest-term 2½ on record (except for special privilege issues) and the 1½ rate on the notes was the best without exception for a five-year obligation.

The success of the offering (made for the double purpose of meeting maturities and putting the Treasury in funds for the bonus payments coming in June) augurs similar flotations in the months to come. The market, obviously, is ripe. Banks and institutional investors are chockful of cash they are anxious to use.

Demand for commercial loans is light and very short-term paper yields little. The predilection for the longer-term 2½s indicates that investors are looking around for earning assets. Thus, with conditions as they are, the Treasury is apt to speed its program (as far as it can without saturating the market) of supplanting short-term obligations with long-range securities.

Colored Concrete

New method of producing it is said to be satisfactory. Cement makers start a sales drive.

CONCRETE as a construction material may have many important uses, but to date few have been impressed by claims for its decorative charms. Now the Portland Cement Association is prepared to add that selling appeal to the persuasive case for concrete. An elaborate show of what can be done with color in concrete helps make the claim convincing. It opened in New York last week, moves now to Philadelphia, Washington, Atlanta, Houston, and Kansas City.

Colored concrete is nothing new, but the old technique of mixing mineral pigment with one part cement and three or four parts of aggregate was never satisfactory. For one thing, it did not yield permanently brilliant hues, for when more and more of the drab-colored natural aggregates became exposed in the normal process of wear and weather,

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AUTOMATICALLY Controlled Air Conditioning is an accomplished fact—practical, dependable, moderate in cost. Right now, it is knocking at your door, whether you are a home owner, or operate a theatre, hotel, apartment building or manufacturing plant, ready to furnish cool, livable, temperatures during the torrid summer days. Get set for summer comfort. Install Controlled Air Conditioning now!

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BROWN INSTRUMENTS FOR
INDICATING RECORDING CONTROLLING



PUTTING IT ALL IN ONE PICTURE—Paraffine Companies, Inc., of San Francisco, puts over a strong appeal to the visitor in its offices, adds a lasting sales talk on breadth of distribution with a map of the world, showing countries in yellow where Pabco products are sold. There are ten colors in the map, all made of Pabco inlaid linoleum, which adds still another sales angle on variety of uses.

the color became increasingly subdued. The inclusion of colored natural aggregates—crushed quartz particles—suggested itself as one way to keep the color from "fading." But aside from the original expense factor, there was a polishing charge involved.

John J. Earley of Washington, whose ten years' work of attempting to reproduce mosaics in concrete has pioneered the way in this new practical art, next began to experiment with colored manufactured aggregates of the ceramic or clay type and the shiny, vitreous or glass type. His work on the Shrine of the Sacred Heart in Washington, on the WCAU building in Philadelphia, on the ceilings in the new Department of

Justice building, and on dwellings attracted the attention of manufacturers of porcelain frit and ceramic tile.

Developments during the past year have been rapid, and such companies as Rouse & Sherer of Trenton, N. J., and Thomas C. Thompson of Wilmette, Ill., have begun the production of colored manufactured aggregates for colored concrete on a commercial scale. The new type of colored concrete (purely for surface decoration) is said to cost less than colored tiles or glass.

With the cost factor thus reduced and the handling technique tested and improved, the Portland Cement Association figures the time is ripe for some aggressive promotion.

Court Ends Its Knockout Season

5 to 4 decision against New York minimum wage law is latest blow by Supreme Court to federal and state legislation on New Deal pattern.

FOUR Justices dissenting.

With these familiar words again on the front pages of the nation's newspapers, the Supreme Court this week ended a memorable seven-month session during which three major New Deal or quasi-New Deal measures were shunted into the graveyard of unconstitutionality while but one was upheld. And, while the latest 5-4 split of the high court was not a decision invalidating a New Deal law, it concerned legislation in the New Deal pattern—New York State's minimum wage for women.

Specifically, the Supreme Court ma-

jority said that the law to provide wage minima for about 85,000 women workers in New York laundries violated the due process of law provision of the Constitution's fourteenth amendment. However, the decision also prevents the New York officials from applying wage regulations, under the law, to hotels and restaurants. Moreover it has the effect of scrapping similar laws in 16 states, involving perhaps 3,000,000 women.

The decision had another effect—it tossed the whole question of Supreme Court power back into politics. President Roosevelt, in his first comment on a high court ruling since his famous "horse and

buggy" crack, talked guardedly of a judicial no man's land; the words were carefully chosen to offend the court and its friends as little as possible.

This case grew out of the charge that Joseph Tipaldo, Brooklyn laundry manager, falsified records with regard to wages paid women workers. In a nutshell, the majority, comprising Justices Butler, McReynolds, Roberts, Van Devanter, and Sutherland, said: "In making contracts of employment, generally speaking, the parties have equal right to obtain from each other the best terms they can by private bargaining. Legislative abridgement of that freedom of only be justified by the existence of exceptional circumstances. . . . The act is not to meet an emergency; it disclosed a permanent policy."

Sharp Conflicts

Few rulings of the Supreme Court since NRA, a year ago, have been greeted with sharper criticism, and the hammer-swingers found ample ammunition from which to start in the dissenting opinions. Said Mr. Hughes:

"We have had frequent occasion to consider the limitations of liberty of contract. While it is highly important to preserve that liberty from arbitrary and capricious interference, it is also necessary to prevent its abuse. . . . When there are conditions which specially touch the health and wellbeing of women, the state may exert its power in a reasonable manner for their protection. . . . The Fourteenth Amendment found the states with that protective power and did not take it away. . . ."

And Justice Stone: "There is grim irony in speaking of the freedom of contract of those who, because of their economic necessities, give their service for less than is needful to keep body and soul together. . . . It is difficult to imagine any grounds, other than our own personal economic predilections, for saying that the contract of employment is any the less an appropriate subject of legislation than are scores of others."

When the high court justices left for the summer vacation they had decided 260 cases. More than 1,100 had been filed, most of which the Supreme Court declined to hear. The big New Deal enactments killed were the AAA, the Guffey Act, and the Municipal Bankruptcy Act; that upheld was the TVA.

Sue Over Elk Hills?

Ickes decides oil land belongs to U. S.; now there may be settlement or court fight.

WASHINGTON (Business Week Bureau)—Uncle Sam's title to oil land in Elk Hills, Calif., was upheld this week by Sec. Ickes. The question whether the

A THOUGHT FOR BUSINESS EXECUTIVES:

**SUPPOSE YOUR
SECRETARY WALKED
IN ONE MORNING
LIKE THIS**



OF COURSE, you would be shocked. The costume is out of date. *But how many men in your organization are just as old-fashioned in their training?*

This much is certain: If you are not encouraging modernization of training in some practical and systematic way, the chances are that only a small percentage of your employees—the extraordinarily ambitious few—are measuring up to the exacting demands of 1936. The man who is not studying to make himself better on his job is really becoming less valuable to you all the time.

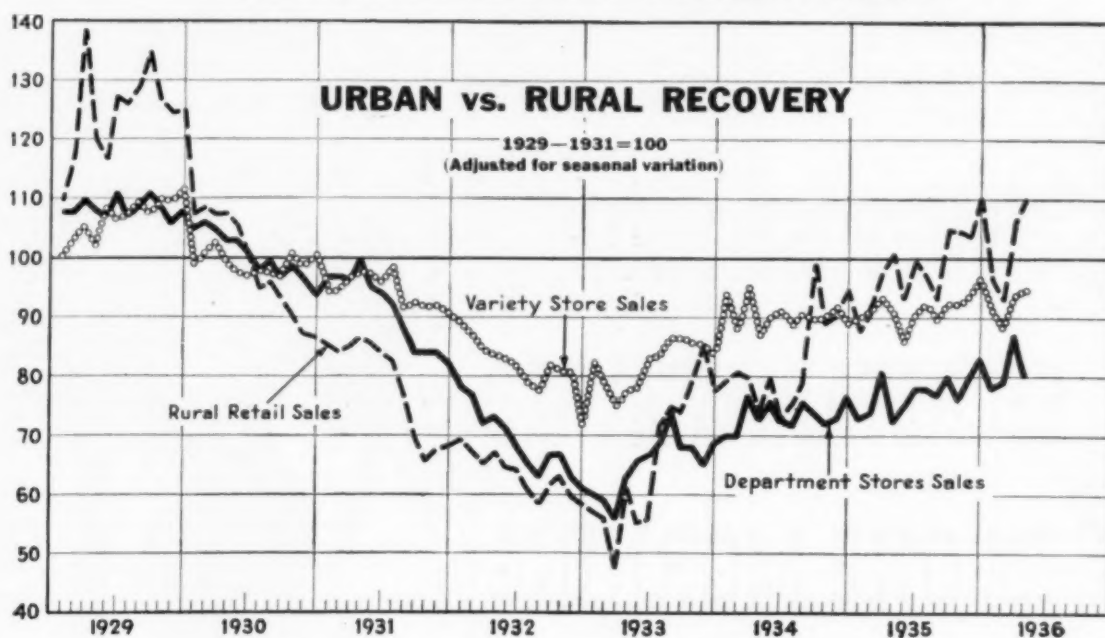
Here is where the International Correspondence Schools can fit its service into your organization, the same as its service is fitted into 2450 leading American industries. These industries are utilizing the experience and facilities of this 45-year-old institution in keeping their man-power modernized. The individual employee makes the entire contribution of time by spare-time study and bears, by his own decision,

the major costs, convinced that his rewards through greater efficiency will be many-fold.

I.C.S. training can be adjusted to the peculiar needs and problems of your business. The service, broadly speaking, becomes an integral part of your own organization. Executives are invited to challenge our statement that I.C.S. is the leading agency today engaged exclusively in the business of modernizing man-power. A request will bring a complete explanation and a copy of the interesting book, "The Business of Building Men." Write to Scranton, Penna.

INTERNATIONAL CORRESPONDENCE SCHOOLS

RETAIL BUSINESS COMES BACK



SELECTED LINES IN SIX SAMPLE STATES

Percent gain or loss in retail sales of independent stores for first four months of 1936 compared with same months of 1935

Stores	Illinois	Indiana	Massachusetts	Oklahoma	Texas	Wisconsin
Grocery.....	+ 6	+ 5	+ 3	+ 5	- 1	+ 4
Country General.....	+ 4	+ 5	....	- 3	+ 7	+ 3
Apparel.....	+14	+ 9	+10	+15	+14	+ 5
Men's and Boy's Clothing.....	+15	+ 7	....	+13	+14	+ 7
Motor Vehicle.....	+24	+42	+15	....	+19	+11
Total Furniture and Household Appliances.....	+15	+17	....	+22*	+29	+ 8
Furniture.....	+11	....	+14	+27	+30	+ 6
Lumber and Building Materials.....	+26	+25	+20	+39	+42	+30
Hardware.....	+22	+10	+ 9	....	+23	+12
Drug.....	+ 6	+13	+ 6	+15*	+12	+10
Miscellaneous.....	+ 6	+ 7	+ 9	+16	+12	+10
TOTAL.....	+13	+16	+ 7	+15	+15	+ 9
Number of firms reporting.....	858	406	683	223	635	611

* 3 months.

Data: U. S. Department of Commerce

Business Week

HOW THEY'RE DOING—The chart above indicates the comparative sales trends of three important distributors of retail merchandise over seven and one-third years. Rural sales now range above the 1929-1931 average while department stores of major cities are making gains more slowly. In the table are the

first returns of a new series being developed to show the trend of business for various types of independent retail stores. This data will eventually be extended to include all states. Fully 73% of all retail trade is done by independent stores and about the same percentage accounts for these particular types of stores.

government can recover \$20,000,000 more or less for oil taken out by Standard Oil of California and other companies depends on whether it was known in 1903 that there was oil in them that hills.

Title originally went to the state of California under the law of 1853 which

granted two sections in each township to the state for sale to support public schools, but if the land was known to be mineral in character and not just the plain, ordinary garden variety of dirt at the time it was surveyed, neither the state's title nor the patents granted by the state to the oil companies are legal.

Now either of two things can happen: the government may reach a settlement with Standard Oil and other claimants to the land or it may sue to evict them and recover damages for the oil removed, minus, probably, the expenses of development which have been incurred by the companies.

Retailers Do Better

First four months of year show marked improvement in practically all lines. Department store sales up 9%.

WHEN the management and control divisions of the National Retail Dry Goods Association meet in Chicago next week and the sales promotion division meets later in June at Boston, retail skies will be even brighter than a year ago. Sales this year should easily come back to better than the 1931 level when business from all sources had a total of \$35,414,000,000. Last year's sales reached \$32,600,000,000.

General Increase

Though the weather this spring hasn't been as kind to retail trade as it might have been, virtually every line of trade has been able to show improvement over last year. Department stores in leading cities report sales running about 9% ahead of the first four months of 1935. Rural merchandise distributors (mail-order and chain stores) note sales gains of 8% for the first four months of 1936 over the same period last year. Variety stores, whose sales last year brought them back to 84% of their 1929 volume, are finding their sales expanding more slowly this year, with a gain in the first four months of less than 1%.

As the chart on page 38 indicates, rural areas have seen the most marked revival of retail consumer purchasing, beginning early in 1933 and extending right up to the present. With farm income running at the best levels since 1930, there seems little danger that this favorable trend will peter out. Though prices of farm products run below those of last year, quantities marketed will be larger, an item not overlooked by transportation agencies.

Regional Differences

Gains in rural retail sales have varied considerably with the region of the country. Far Western states report sales in the first four months 18% ahead of the same months of 1935; Eastern states rank next with a 10.5% gain, followed by Southern states with 7% and Middle Western states with 4½%. Those whose business is definitely tied up with farm welfare should refer to *Business Week's* state-by-state record of first-quarter farm income changes presented last week (*BW—May 30 '36, p. 34*).

Among department stores in more than 200 cities, sales have been improving most in the Dallas region where the first four months' gain reached 13%, followed by the San Francisco and Atlanta areas where sales gains of 10% were reported. In six other regions the gain was as much as 9%.

Where are consumers spending their hard-earned money? The Department of



PATHS PAVED WITH PROMISES

Most men slave and save . . . grope and work their way up over obstacles in order to leave their families with more than promises or plans.

Plans are made . . . and expand with the family. But so very often these plans hinge on Dad's good intentions. He aims to insure his earning ability against the day when accident or sickness puts a crimp in it. He intends to buy liability protection on his automobile, against a possible huge verdict rendered because of injuries caused by his car. He knows the wisdom of burglary insurance . . . of bonding his trusted employees . . . of public liability insurance on his home or business . . . of golf or sports liability if he plays.

In fact, he often delays until he needlessly pays a price which wrecks all or most of his plans. Frequently, his children are forced to wend their own way through life—restricted in opportunities, deprived of promised aid.

And it's too bad, for it is so easy for every Dad—for every man—to insure his plans, simply by insuring himself against these common contingencies.

To carry these forms of insurance and bonds in the Standard of Detroit is to make doubly certain of your security and the welfare of your family.

Standard protects over 1,000,000 people and in 52 years has paid over \$148,000,000 in claims. A national organization of 6700 representatives, will fight for your interests wherever you go as a Standard policyholder.

Standard **ACCIDENT**
INSURANCE COMPANY *Detroit*

Kinds of Insurance written: Automobile • Personal Accident and Sickness • Burglary
Holdup • General Liability • Plate Glass • and Fidelity and Surety Bonds

CHALLENGE YOURSELF!



Only one out of 4000 executives scored 100% on the 25 questions on business and market conditions in "Test Your Knowledge." The average was 64%. Questions and correct answers sent free. Also "Half-Hour Lessons in Forecasting—the Truth About Forecasting." Plainly written by authorities, endorsed by leading economists. No salesman will call. Write Institute of Forecasting, Div. 3FA
WILLIAM DUNNIGAN and ASSOCIATES
111 North Wacker Drive CHICAGO, ILLINOIS

Premium Users! See This NEW KIND OF KNIFE!

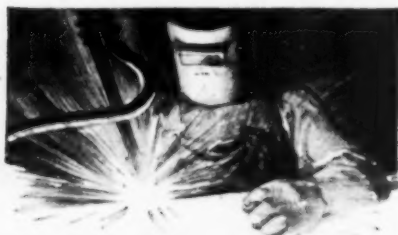


JUST THAT!—a new kind! Patented AUTOPOINT Knife (Blade by "GITS") opens with one hand; blade of finest steel available slides through end of handle. Give a prospect this knife imprinted with your sales story; you've given him the knife he'll use and thank you for! Literally hundreds of low-cost premium ideas in this amazing little invention! Choice of knife or manicure file blades. Send for sample and suggestions on your letterhead.

Autopoint Co., 1801 Foster Ave., Dept. BW-6, Chicago, Ill.
Autopoint® KNIFE "GITS"

For News About Business Read Business Week

Subscription rate: \$10 for 3 years
BUSINESS WEEK, 330 W. 42d St., N. Y. C.



Jinx Job Meets Match in MALLORY 3 Metal

An automobile manufacturer was losing valuable time on an automatic arc welding operation. With copper nozzles . . . through which the welding wire passed . . . only 250 jobs could be completed before replacement was necessary.

When nozzles of Mallory 3 Metal were put on, production jumped to 5,587 jobs (14,899 feet of weld) before a change was necessary . . . and the time saved per set of nozzles was 63 minutes.

In the creation of better welding die materials and the development of improved welding methods, Mallory has made important contributions to many major industries.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA
Cable Address—Peimallo

MALLORY

PARTS FOR RADIO, ELECTRICAL, AUTOMOTIVE AND INDUSTRIAL FIELDS

Commerce is beginning to supply the first comprehensive information on this matter by states. Below our chart (page 38) is presented a table of principal items for which data covering independent stores are available now for six states. (New Mexico's sales are now reported jointly with those of Oklahoma and Texas, as the sample is still considered too small for separate consideration.) Similar sales data will be forthcoming shortly for Ohio, Colorado and Wyoming, and also for Missouri, Nebraska, Iowa, Arkansas and Kansas.

Preferred Purchases

It looks as though Mr. Consumer has been a particularly good customer this year of motor vehicles dealers, lumber and building material suppliers, and hardware stores, while the Mrs. has been allowed to indulge in new furniture, household appliances, and apparel. Food consumption, a more or less stable item even in depressions, shows only a modest gain for five of the states, and in Texas even a slight decline. Grocery chain store sales for the first four months run only 2% ahead of last year, a gain that might be entirely eliminated if allowance were made for price changes during the period.

Furniture sales in states east of the Mississippi are estimated by one authority to have beaten the first quarter of 1935 by nearly 18%. Rug and floor-covering manufacturers estimated early this year that the American home-maker would spend \$115,000,000 for floor coverings this year, as the urge to refurbish the home gains momentum. Piano, refrigerator, gas and electric range, and washing machine manufacturers all testify to the spurt in sales this year.

Favorable to Profits

Naturally this continued expansion in volume will have a most favorable effect on the earnings record. Prices have been stable this spring, inventories have been almost scraping bottom (March department store stock stood at only 65% of the 1923-1925 average while sales hit 88%), and markdowns have been fewer and less drastic. Overhead expenses increase slowly, leaving a comfortable margin with every betterment in sales volume.

Looking ahead to the dog days of midsummer, retailers find considerable encouragement for sales in the forthcoming distribution of soldier bonus checks, of which a fair proportion are destined for consumer merchandise, in the favorable outlook for farm income, and in the steady gain in industrial payrolls, particularly in the heavy industries and construction. With prices held close to current levels, the average consumer will be in a better position to fill in long-felt needs than in any year since 1929.

New Products

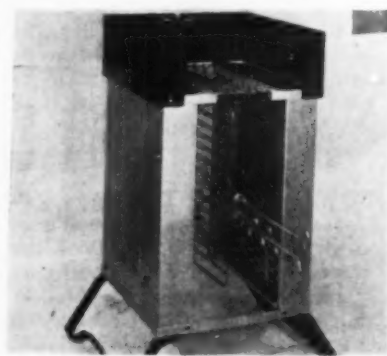
New things, new designs, new packages, new manufacturing and marketing methods.

In asking further information on new products or submitting data on newer ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

GYPSTEEL planks are advertised by American Cynamid and Chemical Corp. for floors and roofs of buildings. They are manufactured in different types to meet varying requirements and in forms and sizes similar to lumber, are said to be easy to handle, may be cut, sawed or bored with carpenters' tools, are tongue and grooved, may be driven together like ordinary lumber.

DUPONT CELLOPHANE CO. offers a new artificial sponge which it claims to be superior to the natural product. Made of highly-purified wood and cotton cellulose pulps, its sponge-like construction is obtained through chemical reactions. It is advertised as resistant to cleaning compounds, soaps, greases, etc., for waxing, oiling, and polishing, and as easily kept clean. When free of excess water it may be used like a chamois cloth to dry surfaces without streaking or scratching.

FORD car dealers who also handle Ford charcoal briquettes will be interested in the camp grill announced by Master Metal Products, Inc. Designed for



briquette use, it provides for grilling both sides of the meat at one time, while the top of the grill remains free for cooking other foods. It is claimed that by grilling on both sides at once the flavor of meat is more completely retained while, of course, the time required for getting a meal is shortened.

A NEW machine announced by White Cap Co. seals milk within the bottle by a vacuum packing process. After the bottle is filled it expels the air as a metal cap is applied. The cap is so tight that the bottle may be stored in any position, while absence of air is said to

delay spoiling of the milk. Tests made at the University of Illinois showed that certified milk bottled by this process stayed fresh under refrigeration for six weeks.

HOFFMAN LION MILLS ends a harassing problem by putting that piece of string right where you want it, with its simple



dispensing container. The carton holds 450 feet of string, has a window so the consumer can see how much is left, and a tape for convenient hanging.

Hi-SPOTS are offered by Packaging Products Corp. for featuring certain goods by fastening display cartons, packages, or samples directly to show window, show-case glass, or counters. They consist of gummed rubber bands on a reinforcing cardboard strip, so arranged that, while the gummed side adheres to the supporting glass, the elastic of the other side holds the displayed object.

TEMLOK DE LUXE insulating board is announced by Armstrong Cork Products Co. for use on interior walls or ceilings where a smooth hard-finished surface is desired. It is easily and rapidly applied by use of a special adhesive, comes in five standard colors and in all standard board sizes up to 12" or in large sheets up to 4 ft. x 12 ft.

DIEBOLD SAFE & LOCK CO. has announced the hydraulically-operated Recordesk safe, for safe and fireproof keeping of card or other office records at the place where they are used. Its top serves as door and after the regular safe-combination has been dialed and the "door" unlocked electrically-operated hydraulic rams, at the touch of a button, will lift the "door" out of the way and expose the contents in proper working position.

THE new Dry-Proof socket, for desk pens, by W. A. Sheaffer Pen Co., permits the pen to be locked in an air-sealed position when not in constant use, keeping the pen point from drying out. A simple half turn of the pen either locks or unlocks.



WHERE SUPERSTRIP
GUARDS YOUNGSTERS

Safety

ACME SUPERSTRIP Makes Products That Look Better and Sell Better

● Every job is a special job for Acme Superstrip. This strip steel is "product-ized"—made each time to fit the specific needs of the product.

With Acme Superstrip, manufacturers in scores of different businesses are accomplishing three aims: 1. Faster, more efficient production. 2. Stronger, better products. 3. Improved appearance that means increased sales appeal.

From roller skates to automobiles—ash trays to refrigerator parts—the advantages of made-for-the-product strip steel are steadily winning more users for Acme Superstrip.

Send today for a copy of the booklet, "Batting 'Em Out." ACME STEEL COMPANY, General Offices: Chicago. Branches and Sales Offices in Principal Cities.



● Acme Cold-Rolled Superstrip is used to make these roller skates—insuring strength and good appearance.



● Condenser shell for electric refrigerator manufactured from Acme Hot-Rolled Superstrip.

Acme Superstrip

HOT ROLLED • COLD ROLLED



GALVANIZED • STAINLESS

ACME STEEL COMPANY, 2828 Archer Avenue, Chicago
Send me a copy of the booklet, "Batting 'Em Out."

Name _____
Firm _____
Street _____
City _____ State _____

Getting Price-Control Religion

Pepsodent hits the sawdust trail by announcing its *del credere* plan, which General Electric pioneered. Drug trade wonders about its full effects.

PRICE control isn't a business policy as far as the drug industry is concerned; it's a religion, and now devotionals take on increasing fervor, because the creed is beginning to pay cash dividends and attract new converts.

Last week there was just cause for a special camp meeting, for one of the biggest factors in the field had hit the sawdust trail—and hit it hard. True, the Pepsodent Co. had been a price-control communicant before, but it had fallen from grace, then had come back into the fold. And a good many of the brethren just weren't sure how deeply Amos 'n' Andy's angel had religion. Last week's broadside announcement that Pepsodent was ready to operate on a *del credere* consignment selling policy cleared up the question.

Pepsodent's Plan

Pepsodent's plan, as announced to the trade, involved the repurchase of all outstanding goods in the hands of wholesalers and the appointment of a selected list of them to serve as Pepsodent factors or sales agents. In addition, Pepsodent announced a 10¢ reduction in the list price of its 50¢ tube of toothpaste and the addition of a new 25¢ size.

Finally, retailers who studied the published price and discount lists on toothpaste, tooth powder, antiseptic, and face cream, noticed (1) a narrowing of the gap between net prices available to large buyers who purchased direct and those on smaller quantities available through the wholesale factors; (2) a "guaranteed profit" of 38% at new list prices and of 22% at new "minimum prices," the latter proudly published in boldface type.

Now, fixed minimum prices and profit guarantees are sole objectives of the price-control advocates; only the antitrust laws stand in the way of their happy attainment. State fair trade laws are one way around, but they are operative now in only a dozen states. Other policies involving a refusal to sell to price-cutters have been knocked out as illegal.

One Loophole Left

How then can Pepsodent announce price and profit guarantees and make good on them? Answer: by the *del credere* plan, the one loophole which hasn't yet been plugged up by the courts.

General Electric pioneered the way more than a decade ago in using this plan for price maintenance. Essence of the plan lies in the appointment of wholesalers as sales agents on a consignment basis. To comply with the true tests of agency, which the Supreme Court took

cognizance of in 1926 when it OK'd the *del credere* plan, the relationship between a manufacturer and the wholesaler-factor must satisfy five requirements. Agent must have the right to return unsold goods and he must supply his principal with detailed accounts of sales. The manufacturer in turn cannot specify any length of time for payment of goods, whether sold or not; he must permit the agent to decide where, to whom, and on what terms the goods are to be sold (but if he doesn't satisfy his principal on this score, his franchise is in jeopardy); he must accept liability for his agent's acts.

Happy as wholesalers are with the stabilization of prices which this plan affords, they are not at all sure that it is the complete answer to their prayers. For one thing it takes more money. With the increasing number of manufacturers who are embracing the plan—about a score of them now—some wholesalers, particularly small ones, are finding that it taxes their capital to post the necessary agency bond. More importantly, the elaborate records and reports which must be kept add to the cost of doing business, and the complete lack of uniformity in the requirements of the various contracts adds complications.

Economical Operation

Manufacturers find the system expensive to set up but relatively economical to operate. International Cellucotton Corp. reports that it has been able to reduce its sales force from 110 to 24 men under the plan and to cut selling cost from 8% to 2.8%. The percentage of business handled direct with a host of accounts has been reduced from 76% to 43%. Similarly, Squibb has been able to reduce the number of wholesalers handling its wares from 430 to 220.

Manufacturers, however, wonder how well the plan will function when it is embraced by two strong competitors, thus sharply dividing the agent's loyalties. So far a situation of sufficient intensity to afford a good test has not arisen. Again, they wonder what the Supreme Court will say about the *del credere* plan.

But meanwhile price control is paying good dividends and nobody but the price cutters is worrying much. Chains which were introduced to the merits of stabilized prices under the NRA are finding that profit margins are swelling with minimum prices more than enough to compensate them for cuts in discounts, but they continue to resist stoutly any further reduction in their buying advantages such as the Patman bill contemplates. Independent druggists are jubilant as they



EFFICIENCY PLUS—Makers of modern kitchen equipment are opening new markets daily as housewives learn how the best tools make a good job better. Grand Central Palace in New York was jammed last week by the champion cooks from all sections, who put on a selling argument with their prize-winning dinners that no mere male salesman could have duplicated.

recite their "Ten Fair Trade Commandments," hold star-chamber proceedings to turn the heat on retailers and manufacturers.

There's only one fly in the ointment. Wholesalers who have seen their costs rise—what with all the policing they have been forced to do under fair trade and *del credere* plans—have figured it was time they kept a little more of the discounts which manufacturers allow them. Suppose a wholesaler gets discounts of 2% for cash, 5% for his functions, and 10% to play with in attracting retail customers and building up volume. During the depression, that full 10% frequently went straight to the dealer. Now with retail prices on fast-selling proprietaries pretty well firmed up and profits thus guaranteed, wholesalers see no reason why they should pass on that 10%. So, presumably on the manufacturer's orders, they stopped. One fast-selling item after another found its way onto the net list with the 10% dealer gravy completely wiped off. The retailers began to kick.

New York Compromise

Last month in New York a compromise agreement was patched up between retailers, wholesalers, and manufacturers, under which the discount will not be eliminated except in those cases where a manufacturer's price-control policies afford an increase in retail prices at least equal to the discounts which wholesalers might withdraw, or unless list prices are reduced so that a retailer can purchase merchandise at net prices at least as low as previously prevailed.

Insuring Tire-Buyers

Sears gives Illinois purchasers a \$1,000 Lloyd's policy against blowouts.

LAST week Sears, Roebuck & Co. tossed a bombshell into the tire trade and insurance circles of Illinois by advertising that with every Allstate tire the purchaser could obtain free a \$1,000 "Lloyd's of London" insurance policy.

The offer is intended to persuade the public that it's safe to ride on Allstate tires. The public is told that Lloyd's chose Sears Allstate as the tire in America to insure against blowout, which implies that other tires were considered. Sears advertising emphasizes that the straight Allstate tires are guaranteed for 18 months and the Super Quality for 24 months, but the Lloyd's policy is good only for 12 months.

The latter covers, up to \$1,000, indemnification against death, dismemberment, or loss of eyesight resulting from a blowout or collapse of an Allstate tire, and will be furnished to the purchaser or members of his household without charge, the premium being paid by Sears on all policies actually issued, even when tires are bought on easy payments.

At present this plain is not available to mail-order buyers, but is offered only with tires bought at regular prices at Sears' 42 retail stores in Illinois. That state is to be the laboratory for testing it and if it works out as its sponsors hope, and resulting claims do not push premiums too high, the offer may eventually extend to all Sears stores.

Some insurance officials point out that the coverage provided by Sears' Lloyd's policy is so limited that claimants will do very little collecting, particularly in serious accidents when the maximum coverage may be demanded, because it generally would be hard to prove that the blowout of a tire was the cause.

Terse Radio Facts

CBS all-industry survey tells how many sets, who owns them, uses them, and how often.

THE first time any major advertising medium has undertaken to measure all its major dimensions—those are the terms in which the Columbia Broadcasting System chooses to announce its new publication, "Radio in 1936," seventeen pages that skim the whole statistical cream off the accumulation of facts and figures about the radio industry.

Data are based on 24,000 interviews conducted by Dr. Daniel Starch and his staff last year in cities of more than 10,000 population. These are some of the industry's significant proportions as revealed by those findings:

92.6% of all urban families own one



"Well Popularity
certainly hasn't turned
HER head"

Sleep like  a Kitten
ON
CHESAPEAKE
AND *Ohio*
LINES

MULTIPLY THIS MAN BY 50 MILLION

And You Get ING-RICH
Porcelain Enamel Sign
Coverage!



On a national basis, it is possible to deliver a sales impression to a circulation of 50 million prospects every day of the year with ING-RICH Porcelain Enamel Signs—those vital point-of-sale reminders that fairly shout "Here's the place to buy it." Would you like a copy of our booklet "Fadeless Publicity"?

INGRAM-RICHARDSON MANUFACTURING CO.
Beaver Falls, Pa.

How to get the job you want

This practical new book,—ON GOING INTO BUSINESS, provides a gold mine of sensible advice and practical pointers for the man, or woman, of some training and capability, who wishes to get his first—or a better—job in the business world of today.

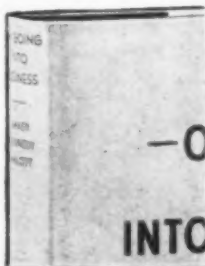
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**—ON GOING
INTO
BUSINESS**

By John C. Baker
Harvard Graduate
Business School

W. D. Kennedy
J. Walter Thompson
Advertising Corp.

and Deane W. Malott
Harvard Graduate
Business School

233 pages, 5½ x 8
\$2.00



**If you are dissatisfied with your job—
If you have been up against it to get any sort of
job at all—**

here is a book that will give you real help. It starts right at the point of view of the aspirant to a business career who is unsatisfactorily employed, or not employed at all, as a result of today's unusual conditions. From there the book takes you through a sensible discussion of the important practical and psychological problems of working into—not just any job—but a position commensurate with your abilities and of definite functional value in your career plan.

—of what value is training? When is it needed? How can it be procured?
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or more radio sets, and nine out of ten of all families whose incomes exceed \$1,000 a year are radio owners.

Size of the community and section of the country exert but negligible influence on ownership averages, though small town people use radios more.

77.3% of all radios are in use some time during the day, 67.1% after 6 p.m. The factor of income influences listening habits only slightly, the maximum variation from the average being only 2.2% for any income class.

67.9% of all set sales last year were replacements.

As evidence of the accuracy of its statistics, Columbia points to two facts: (1) There is a close correlation between this year's findings and those determined on the basis of 120,000 interviews last year, and (2) the industry's Joint Committee on Radio Research, including advertisers, agencies, and broadcasters, accepted last year's CBS-Starch data as a base in developing its official figures on set ownership.

While the committee last month announced its total ownership figure of 22,869,000 sets, it has not yet completed state and county breakdowns; hence the section dealing with these facts has been omitted from the new CBS publication and will be issued separately later. To expedite work on its scientific studies the committee last week engaged the services of Peter Paul, former statistician of the National Broadcasting Co.

South African Boom

It's based on higher price of gold. Now the people there are buying American products.

THE world at large is invited to come to Johannesburg this fall to help the South Africans celebrate the city's fiftieth anniversary, but salesmen have been calling there regularly for the last three years because it has become one of the most spectacular markets in the world.

Gold is the basis for the recovery which started in South Africa three years ago. The two million whites who dominate the southern part of the continent were delighted when Britain, then the United States, left the gold standard. In 1930 they could sell an ounce of gold for about \$20. By 1935, the price had jumped to \$35. South Africa produces usually more than one-third of the world's annual gold output of 30 million ounces. This means that income was boosted about \$150,000,000 at the new high price.

The United States has been successful in increasing its share in the rich South African market. From a low of about 12½% in 1933, we have increased our sales to the point where we now supply about 18% of the South African imports. In 1934, this meant sales of more than \$45,000,000 worth of American goods, particularly automobiles, radios, electrical appliances, farm and mining equipment. By 1935, this had increased to \$53,000,000. At the rate of gain for the first quarter, sales this year will run to \$62,000,000.

The automobile industry has done a particularly good selling job in South Africa. In the United States there is one automobile for every four persons. In South Africa there is one for every eight in the wealthy white market, which

is better than Canada's record of one to every 10 persons, or Great Britain's far less impressive record of one automobile for every two dozen citizens.

Newest boom is in construction. Johannesburg is credited with an increase of 50,000 in population since 1933. There was \$35,000,000 of new building in the Johannesburg area last year. The total for this year will be nearer \$45,000,000.

Market prospects in South Africa this year and for several years are bright. Gold production is expected to make new records in the next few years because recently installed equipment is just now beginning to function at capacity. In addition, recovery abroad has improved the market for diamonds and one of the famous Kimberley mines is being prepared for reopening.

Road to S. America

Mexican part of highway is nearly finished; Central American work is proceeding.

TRAVEL and business attention are turning south to the Texas Centennial, to Mexico—newly discovered as a summer resort—and to Buenos Aires as plans develop for the Pan American conference to be held next fall, and the travel public has again raised the question of how soon it is going to be able to drive down to South America over the long-discussed Pan American highway.

Washington is vague on the probable progress of the South American section of the highway, though two tentative routes are now under study (see map). The South American governments are making their own plans and surveys, and are gradually developing a system of hard roads between principal cities.

For Mexico and Central America, more details are known. About half of the distance from Laredo to Panama is in Mexico, and the Mexicans have almost completed their work on the Laredo-Mexico City section (*BW*—Apr 4 '36, p. 35). Serious rock slides on a very small section in the mountains just north of Mexico City are all that have delayed the formal opening of the highway. From Mexico City to the southern Mexican border there is a road, but it is passable only in good weather.

In Central America, location and bridge building is proceeding under two appropriations made by our Congress two years ago, one of \$75,000 for the survey and location work, and the second of \$1,000,000 for assistance in building. Three large bridges—in Panama, Guatemala, and Honduras—are part of this program and are under construction now. Final cost of the completed road will range from \$35,000,000 to \$50,000,000, depending on kind of hard-surfacing used.





FIRST LINK—Although formal opening of the Laredo-Mexico City road probably will be delayed until the tourist rush south in the fall, this link in the great Pan-American Highway already

is carrying traffic at the rate of more than 100 cars a day each way. In addition to opening vast new markets to truck-borne commerce, the road offers a variety of scenery for the tourist.

Business Abroad

French crisis provides world's Fascist governments with smokescreen for new aggressive moves, threatens to precipitate final gold standard shakedown. London bankers secretly plan world economic talks. Germans will build and control oil refinery in Italy.

LABOR, which swung the elections in France a few weeks ago but which lacks a majority in parliament unless it remains united and has the cooperation of France's liberals, took an already bad situation in hand this week and threatened a general strike as a warning of what might be expected in the country if the new government failed to carry out its promise to improve labor's lot and if the Chamber failed to support the reform program. The country's major industries and the city of Paris were at the mercy of the strikers but there was no violence, at least during the first days of the strike.

Currency Crisis

The tense situation, and the prospect that at least a part of labor's demands for shorter hours, better pay, and improved working conditions will be met, and at a time when French industry is just beginning to pull out of the depression—have provided a new threat to the currency, may yet force M. Blum and his cabinet to face a crisis during their first days in office which is similar in many ways to the problem which confronted Roosevelt in 1933.

A powerful group of British bankers is now trying to have summoned a "trade and financial" conference of European states. They will not permit it to use the hoodoo name of "Economic Conference" but its purpose will be to discuss pre-stabilization measures and joint attempts to adjust trade barriers. Britain will fling into the pool her power to reopen her foreign loan market and also to adjust sterling to whatever level may be convenient.

If such a talk takes place and there is any measure of agreement (Schacht's goodwill being taken for granted and better feelings toward Italy being a preliminary), then Washington will be approached. The British financial leaders who are behind the plan feel that President Roosevelt cannot be expected to approve any form of stabilization of the dollar at this stage of his election campaign, but that a sterling-dollar-franc basis would be approved by him if he were presented with a European agreement to work the new parities honestly.

So far, this movement is confined to London bankers. The government has not yet been officially approached. The French situation may delay, or it can speed, the plan. Every endeavor will be made to keep the talks free from any savour of politics until results are ready to be announced.

Nearer home, the proposal by British leaders in the European steel cartel that the United States join the group are viewed as something which may be discussed at considerable length, but on which no decision is likely to be reached for some time. Too many obstacles are in the way. While the American steel industry is free, under the provi-

sions of the Webb-Pomerene act, to join in an export agreement, any move without government backing to regulate imports would almost surely meet with strong opposition on the basis that it is contrary to our monopoly laws.

Cuba Will Pay

Finally, the announcement from Havana that the new Cuban government recognized as an obligation that the country would honor the \$60,000,000 loans contracted by the now discredited Machado government is the first major indication that Washington is getting somewhere in the settling of many defaulted Latin American obligations. Various interim governments in Cuba, following the overthrow of Machado, have refused to recognize these obligations. There have been rumors for several months that a settlement was on the way. Cuban 5½s of 1945 touched a low of 19½ late in 1933, held above 30 during much of last year, at 51½ on Feb. 1, and rose 9½ points to 60½ the day the present government announced its decision. The move is probably a forerunner to fresh credits which will help the new government to meet its obligations and carry out plans for relief and development of the island.

Germany

Germans will build big oil refinery in Italy. New drive begins for markets in Europe.

BERLIN (Wireless)—The week's sensation in Berlin was the announcement that Rheinmetall-Borsig A.G., one of the biggest machine building companies in the Reich, had booked an order for Italian oil refinery equipment to be installed in Trieste, and that Germans will finance the deal and become heavy stockholders in the new enterprise.

The entire business community in

Berlin is agog over the deal for the following reasons:

(1) It is the first large foreign order for supplying oil refinery equipment to be booked by a German manufacturer (though Antwerp recently placed a similar but much smaller order in Germany);

(2) Rheinmetall-Borsig is owned by the German government;

(3) The new plant at Trieste is expected to break the existing British-American oil refining monopoly in Italy;

(4) This is the first case of German participation in an Italian industrial concern since the outbreak of the Ethiopian war. There is at least a theoretical possibility that similar methods (capital participation through supplies of machinery and other equipment) may be adopted in developing Ethiopia.

Germany in Control

The new refinery will have an annual capacity of 250,000 to 300,000 tons of crude oil, will belong to Soc. An. Tecnico Industriale. The transaction runs to more than three million marks.

It is an involved deal. The party placing the order was a German sugar manufacturing concern, the Sueddeutsche Zucker A.G. of Mannheim, which also made the necessary provisions for financing the contract. The board of directors of the German sugar company includes two prominent Italian industrialists.

The Sueddeutsche Zucker A.G. pays to Rheinmetall-Borsig the greater part of the purchase in marks. In return, it takes shares of the Trieste company equal to about 4 million marks, or slightly less than its total capital. Four Germans representing the interests of the sugar concern become members of the board of directors of the Italian company.

This indication of the opening of closer trade relations with Italy is of particular interest because it comes at a time when Germany is consolidating its trade and political gains in southeastern Europe. Germans interpret the visit to Belgrade by the Polish diplomatic delegation as evidence that Yugoslavia is freeing herself from French tutelage because of the friendly French attitude toward Italy. Germany has made striking trade gains in Yugoslavia in the last two years, has, in fact, replaced Italy both as a major market and a major supplier.

Dr. Schacht's forthcoming trip to all of the capitals of southeastern Europe will probably give German trade in Yugoslavia, Hungary, and Rumania a fresh fillip.

France

Strike threat weakens franc and unsettles business.

PARIS (*Wireless*)—France's week-old strike in the automotive, airplane, and munitions industry became serious this

week when union leaders cailed out workers in other industries and Paris was threatened with a transport tieup and a food shortage but not, as yet, with violence.

Communists, though they cooperated in the election of the government which was taking office this week, are blamed. Strikers' demands correspond with the minimum platform demanded by Communist leaders. They have refused to join the new cabinet, and business and political leaders in Paris view the walk-out as a threat to the government of what can be expected if labor's demands are not met.

Strike objectives: 40-hour week, increase in minimum wages, two weeks vacation annually with pay, and a collective working agreement with labor representatives elected in each company without employers' interference.

The franc weakened again as the strike spread, and the outlook both for business and the currency is uncertain.

Great Britain

Uncertainty develops as Italy shows new authority in Mediterranean, Germany prepares to force territorial claims.

LONDON (*Cable*)—Business is deeply impressed with the rapid strengthening of the movement here to form a "Popular Front" of left wing groups on the French model. Should the realist group, which wants to end sanctions because the Ethiopian war is ended and sanctions have proved useless, really triumph in the present contest, the League of Nations Union will become a rallying ground for all sanctionist parties—Left Wing Conservatives, Liberals, Labor followers, and Communists. The sentimental feeling among the populace, added to the now thorough disrepute of Baldwin, would cause such a party to sweep Britain at any future election.

Part of the difficulty is that within the National government there is no dynamic or glamorous successor to Baldwin. Neville Chamberlain is the obvious man, but he is a dry stick and disappointed many of his followers by not opposing Eden on sanctions when the Hoare-Laval scheme became the tacit admission that sanctions had failed.

Behind the anxious canvass of names of a successor is the growing realization that Italy is no longer a minor power which can be cowed by the wrath of Britain. Mussolini is building an airplane base at Lake Tana, which menaces Kenya, and controls the Nile waters. He insists upon regarding Egypt as an independent state at the moment when the new Egyptian government has become completely and bitterly nationalistic.

If Britain is to pour even more troops into Egypt—she has 50,000 there—and if she is to display a firm hand in Palestine to prevent the Arabs shooting up the Jews, she will antagonize her Mohammedan subjects all over the Empire, which may mean the need to strengthen her garrisons in India.

Her army is still terribly under strength. With army, navy, and air force thus pinned in the Mediterranean basin, Britain cannot hope to carry much weight in Central Europe. If, therefore, Italy provokes an attack or is provoked into attack, European peace is shattered immediately, and if the pessimists are right, and aircraft can sink battleships, the Empire is at the worst moment of its history.

Not Backed by Force

It is little wonder that Britons are anxious. If there is no trouble with Italy, the likely thing is a new demand from Germany, either for colonies or for rights in Austria and Czechoslovakia, which neither Britain nor France will be strong enough to contest beyond protests. Such an episode would again strengthen the morale of the two Fascist states.

All this means gathering doubt in business, which accentuates the now general fear that the growing adverse trade balance foreshadows a repetition of 1931. The move towards wage increases in major industries is also gathering strength.

Against this must be set the thinking of certain business leaders in the younger set who insist that the present situation cannot be gauged by old orthodox experience. The gold supply, the new system of high taxation allied to high expenditure—which gives great currency velocity—and the general increase in material and cultural standards may defeat the factors that a generation ago would have meant slump.

Soviet Union

Russia had trade balance of \$231,000,000 last year, paid cash for 85% of all imports.

MOSCOW (*Cable*)—Russia had a favorable balance of trade last year of \$231,000,000, according to information supplied to the League of Nations this week. Of this total, \$201,000,000 was used to liquidate foreign indebtedness. According to Moscow, this practically wipes out foreign obligations.

Refusal of foreign nations to offer Russia favorable credit terms, and an adequate supply of gold and foreign exchange at home account for the fact that the Soviets paid cash for 85% of their imports in 1935. Cash payments for goods purchased abroad last year amounted to \$172,000,000.



MOSCOW To PRAGUE—Culmination of a long series of negotiations, the Moscow-to-Prague air line is ready for operation. This is a Moscow picture of one of the new American-made Douglas transports ordered for the line. Russia and Czechoslovakia further cement their friendly relations with this tie (they already are parties to a mutual defense pact) and peace-time commerce by air may lay the groundwork for successful joint action later if the two nations are drawn into war.

Moscow's building boom continues. Excavation work for the Palace of the Soviets is well under way, and 152 additional schools and 389 apartment houses are to be completed by the end of this year. Work is progressing rapidly on the second section of the municipal subway system, which will add 12½ miles. This section, it is said, will even excel in beauty and convenience the 7½ mile line which was opened last year with its marble station platforms. Moscow only recently celebrated the first anniversary of its new subway.

Far East

Japan abandons trade drive in Latin America, concentrates on China market.

JAPAN's drive for new markets in Central and South America has failed. Tokyo admits that the commercial mission which had visited Colombia, Ecuador, Peru, Venezuela, and the Dominican Republic, broke up in Haiti. *Business Week's* recent examination of Latin American markets (*BW*—May 16 '36, p12) showed that volume of Japanese imports has been insignificant in all markets, that business seems to have passed its peak in almost all countries, that Germans have had far more success in these markets and will probably hold more of their new customers. Failure to develop new markets in these countries accounts for Tokyo's new drive in Oriental markets nearer home. Britain, France, the Netherlands, and the United States will feel this competition most keenly.

Protests by China or by foreign coun-

tries over market disruptions caused by smuggling goods into China through Japanese-dominated territory will have no effect unless it is to Japan's interest to stop it. Complete control of North China is the immediate object of Japan. After that is accomplished, no country (and this applies to China itself) will be able to prevent Japan's commercial penetration and ultimate economic domination of the balance of China unless it is ready to fight to protect its interests. Western nations still hope this job of "stopping Japan" is going to be done for them by the Soviets. This topic is not discussed openly but it is an important item in the Anglo-Soviet discussions in London.

Without belittling the friction between Canton and the central government in Nanking, it is doubtful if this week's pressure by Canton to force Nanking to take an active stand against Japanese penetration will get anywhere.

Canada

Dominion refinances at 3.3%, reflecting no unfavorable reaction to Alberta's enforced interest reduction.

OTTAWA—Books opened this week for a \$207,000,000 federal loan—\$187,000,000 refunding, and \$20,000,000 new money. There are two issues: 30-year 3½% at 99 to yield slightly over 3.30%; 4-year 1½% at 99.50 to yield 1.61%, restricted to conversion. New subscriptions are asked for the 30-year bonds only; those holding maturities may convert into either issue. Maturities which may be converted are: \$45,000,-

000 of 1½% due Sept. 15; \$63,000,000 of 2% due Oct. 15; and \$79,000,000 of 5% due Nov. 15. New bonds are payable in "the lawful money of Canada."

Response to the issue will be watched for any possible effect (none is expected) of Alberta's arbitrary interest rate reduction last week on its entire debt. Effective June 1, Alberta reduces interest on its entire \$160,000,000 public debt to an average of 2.5% from an average of 4.89%. The legislature had previously passed a bill providing for refunding by issue of perpetual bonds at new low interest rates but the measure has not been proclaimed. The present decision is taken by cabinet action. Ottawa has not openly intervened. Bond dealers and trust and mortgage companies are considering formation of a protective committee.

Bank of Canada

The House of Commons is debating this week Finance Minister Charles Dunning's bill giving the government majority ownership and control of the Bank of Canada. New capital stock is to be issued and bought by the Minister, and the government will appoint a majority of the directors. The legislation results from an election policy of Prime Minister Mackenzie King. Sponsoring the bill, Finance Minister Dunning holds that the principal and primary function of a central bank is to control the volume of currency and credit rather than to assist necessitous governments, and that this function is too vital to the country to be left with private interests.

The central bank will not be left in a position where it might be in conflict with government policy. The governor of the bank will have the power of veto over decisions of the directors, which veto the government may allow or disallow.

Mixed Ownership

The House voted out of order a socialist amendment to eliminate all private stock in the bank.

As soon as the parliamentary session is over the federal government will take up plans for the proposed establishment of an air service across Canada for mail and passengers. It has not yet decided whether to have the service conducted by state-owned or private commercial aircraft. Flying fields were built during recent years in connection with unemployment relief.

The House of Commons has voted \$1,500,000 for building highways into mining areas, the provinces to put up half as much. Value of minerals produced in Canada last year was \$308,000,000 and for the first three months of this year gold production has exceeded that of the first quarter of 1935 by 17½%. The mining industry paid \$88,000,000 in wages last year and supplied one-third of all freight traffic.

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Commodity Control

Senate passes bill, minus cotton amendments, after Wallace says he will rule cotton strictly.

WHEN the Irish potato becomes Solanum tuberosum, its future is a concern of the nation's lawmakers. Thus, with Solanum tuberosum among the farm products named, the Commodity Exchange bill passed the Senate 60-16, went to the President for signature.

Previously the big obstacle had been disposed of when Sen. Smith withdrew his amendments designed to place special restrictions on the exchanges handling King Cotton. Now the bill (which amends and largely replaces the Grain Futures Act) includes cotton, rice, mill feeds, butter, eggs, and potatoes in addition to corn, wheat, rye, oats, barley, flaxseed, and grain sorghums which appeared in the old act.

The new bill states its aims: "To limit or abolish short selling, to curb manipulation, and for other purposes." It would set up a Commodity Exchange Commission consisting of the Secretaries of Agriculture and Commerce and the Attorney General who would draw up and enforce the regulations; it allows hedge buying or selling but bans manipulation, dishonesty and misrepresentation as well as wash sales, cross trades, bucking, and accommodation trades.

Most of the rules which the act specifically imposes are now in force on well-run exchanges. The real regulations, however, will come from the hearings which the new commission is empowered to hold in implementing federal control. It is toward these that commodity traders look with apprehension, and the cotton markets are most vociferous about their fears. For, when Sen. Smith withdrew his cotton amendments, he had a letter from Sec. Wallace saying that the latter would frame restrictions on trading in the light of future hearings and on the facts revealed at the recent Senate committee probe into cotton trading (BW—Mar 21 '36, p 48).

Cotton traders have fewer complaints about the bill as it passed than they had on the Smith amendments but they still contend that the planters will find their market ruined. They assert that the enforcers are grain-minded, that they know little or nothing about cotton; that Sec. Wallace himself is a grain man and a New Deal visionary.

Grain traders and flour millers, while less oratorical, still feel that the prospective limitations on the open interest (designed to prevent any firm or individual from running a squeeze, and they'll be imposed on all commodities covered) will so cut speculative interest as to cripple hedging and hamper crop movement.

Bawl Street Bawls

Bond Club blats bitterly and blithely in 1936 battle of balmy weather.

RAUCOUS barometer of (a) the trend of business, (b) the spirit of the financial district, and (c) the tenor of the securities markets, the *Bawl Street Journal*, annual splurge of New York's Bond Club into fun and satire, is lustier than ever this year.

The 1936 editorial takeoff on the *Wall Street Journal* snaps the mind back to the spring of 1929—but with politics aplenty. Schnozzola Durante seizes the government of the United States in order to drive the amateur comedians out of Washington; Sec. Morgenthau makes an offering of Perpetual New Deal Indebtedness; the American Legion forms a huge investment trust to use bonus checks for the purchase of securities of munitions companies.

Whereas the 1935 number contained only one new-issue advertisement—symptomatic of the financial doldrums which then prevailed—the current issue, out this week, contains no less than six satirical flotations. One calls for the sale of City of Philadelphia recovery bonds to enable that municipality to rehabilitate itself from the effects of the Democratic convention.

Taxes figure prominently. General Motors declares it will boycott profits in order to evade the undistributed income tax and the New York Trust Co. advises testators to "Leave Your Money to Your Heirs, But Leave Your Heirs to Us."

Trust company advertisements (not-paid-for) get a big play, simply because the banks are fighting for a business which has become highly technical as the result of multifarious tax laws affecting gifts, inheritances, and large incomes.

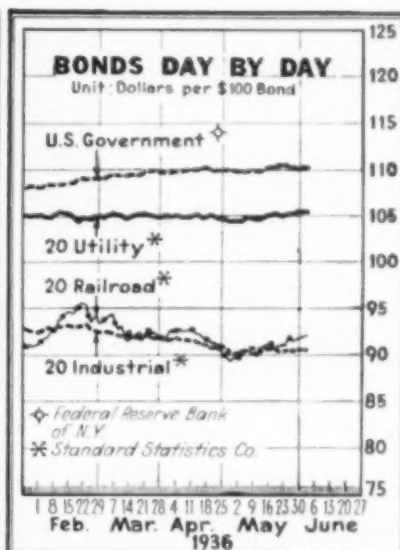
Giving AAA Back

Whereas last year's number presented Supreme Court Justice McReynolds' bleak announcement, "The Constitution is Dead," surrounded by a black border, the current edition with fine careless rapture contains the following insertion:

"The Supreme Court of the United States Takes Pleasure in Announcing the Return of AAA (bond rating symbols) as the exclusive property of the Securities Rating Services."

Taking a slap at the new trend in double-your-money-back advertising, the paper has brokers complaining that customers are shunning stocks and using their spare cash for sure-fire profits in sending back merchandise.

Tall, dark, dead-pan John A. Straley—who never cracks a smile and looks like the last man on earth to have a sense of humor—is editor. He is associated with Lord, Abnett & Co., investment bankers.



Money and the Markets

Drought in cotton belt spurs speculation; slight rally in stocks fails to engender enthusiasm.

WORMS, weevils and weather appear to be conspiring against the cotton crop. Therein is the story behind the best prices so far recorded for the new-crop cotton futures in a movement which this week stole what little thunder there was in other speculative markets. (Only the very large, very low interest rate, very successful Treasury financing cut much of a figure in financial circles, aside from the wave of speculation in cotton.)

Of the three W's, weather so far has been the major factor in the cotton market, the drought in the eastern part of the belt having persisted until its effects threaten really to be serious. It delayed planting. In some regions the dryness interfered with seed germination. Crops which are up are parched. Then, in the western section, persistent heavy rains proved too much, but there have been several hot, bright days lately and the prospect in Texas has improved.

Pool Selling Absorbed

The speculative outburst took cognizance of the adverse weather and of leaf worms' early appearance, but more particularly it reflected enthusiasm over the way the market has absorbed about 1,000,000 bales of federal pool (Commodity Credit Corp.) selling. It is estimated that government holdings may be under 4,000,000 bales by the time the new crop starts coming to market. This would mean a much smaller carry-over Aug. 1 than a year ago; add this to the crop outlook and the reason for Tuesday's run-up of 80¢ to \$1.50 a bale (the best single day's rise of the year to date) in the new crop months is clear. Later in the week the market was called upon to absorb substantial realizing and gains were pared.

Drought reports also are coming in from the spring wheat territory—notably the Dakotas and Montana, where the

crop is said to have sustained damage already—but these have not prevented the private crop prognosticators from making estimates averaging 737,000,000 bu. for the total crop with spring wheat comprising 236,000,000 bu. The big item is the sharply raised 501,000,000 bu. for winter wheat, due to rains in the Southwest since the estimates early in May. One of the private estimates put winter wheat as high as 527,000,000 bu., against the last Department of

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Refectory and Kitchen Wings of the Main Convent, St. Elizabeth's Convent Group, Cornwells Heights, Pa.

IMPROVE HEATING FOR LARGE CONVENT GROUP

Webster Moderator System Gives
Nine Buildings, Old and New,
Balanced Heating Service

MINIMUM HEATING EXPENSE

Cornwells Heights, Pa.—In St. Elizabeth's Convent, the Mother House of the Sisters of the Blessed Sacrament for Indians and Colored People, the Webster Moderator System of Steam Heating is providing efficient, economical heating service for a group of nine buildings.

In this institutional group, the Webster Moderator System provides comfortable indoor temperatures, minimum repair and maintenance bills and lower heating cost in all buildings, both old and new.

Before installation of the Webster Moderator System in the fall of 1933, certain of the convent buildings were overheated during periods of mild weather and not quite warm enough on the coldest days. It was to correct this condition, as well as to take advantage of possible steam savings, that the heating modernization program was undertaken in conjunction with construction of the new additions.

With the Webster "Controlled-by-the-Weather" System, heating service has been completely satisfactory. An outdoor thermostat automatically adjusts the supply of steam with every change in outside temperature.

As a result of the balancing of steam distribution to meet temperature demands, heating fuel expense has been kept at a minimum. When nine buildings are heated from a central point, heating expense is an important consideration.

The improvements were designed and supervised by George I. Lovatt, prominent Philadelphia Architect, and H. B. Hackett, Consulting Engineer. The heating installation was made by the P. Gormly Company, Heating Contractors.

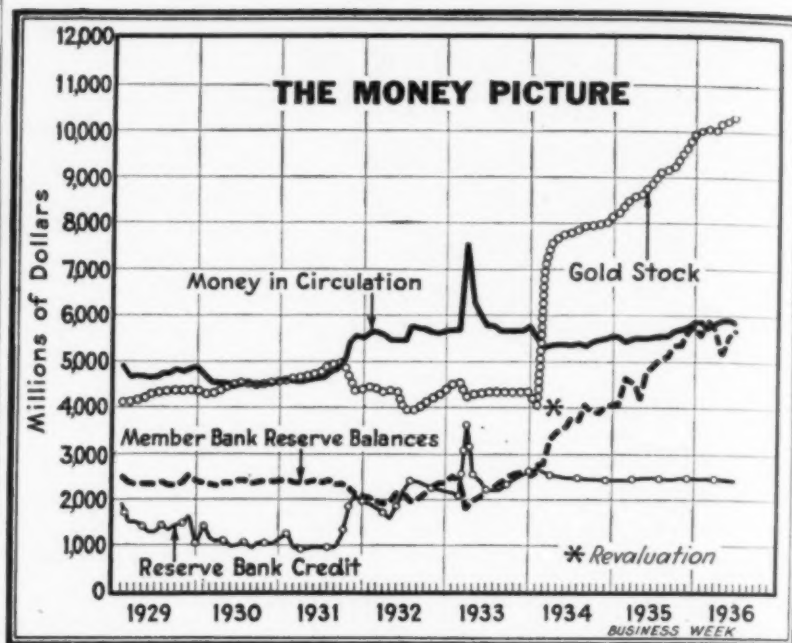
Savings in heating cost, comfortable indoor temperatures and minimum repair and maintenance bills are assured in new buildings as well as old by improved Webster Systems of Steam Heating.

If you are interested in heating new buildings, or in improved heating service and lower heating cost in your present building, address

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
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Roof Thermostat provides automatic "Control-by-the-Weather."



Agriculture figure of 464,000,000. In the face of these rosy crop predictions, Chicago futures held quite well. Some improvement in Winnipeg helped buoy domestic markets; Liverpool started the week soft on news of rain in Australia, then rallied moderately. Private estimates carry the interesting connotation that domestic carryover must increase this year or exports will have to be arranged. Home consumption of wheat can hardly be expected to be more than 700,000,000 bu. (it has been less than that in recent years) and world prices don't favor exports.

Disappointment, Cont.

Stocks once more have disappointed, both because of persistent dullness and the inability of a rise to carry through. Although business news is still very good for this time of year, the timid rise of the last two weeks was snagged by the first appearance of liquidation. In fact, it took just as little selling to depress the market as it had buying to put it up. Conversely, it required only a modicum of support this week to stem declines. All in all, the rally from April lows has been consoling but it hasn't been convincing to the Wall Street crowd. The brokers had hoped that many "restricted" margin accounts would have been thawed by the comeback, that these customers would at once buy and that trading would fatten quickly. Accounts may have thawed but that dread dullness hangs on. In fact, these markets are so slow that brokers have been granting leaves of absence again and extending vacations without pay. It would be much harder on the clerical forces in Wall Street if 30-50% (brokers say 70%) of this class of help wasn't working on reports for the SEC.

In the listed bond market, where things had been at a standstill awaiting the Treasury financing, prices edged forward again this week. (The rise has been steady, even in dull sessions, for three weeks; second grade rails in the van.) The long-term Treasuries carried the lowest interest rate ever recorded for an issue of such maturity and type and were oversubscribed sevenfold; this success bolstered investment bankers' and bond buyers' confidence that low yields and high prices will continue to hold yet a while.

Politics Marches On

While the security markets were all ears for Washington news this week, the tax fight served as a restraining influence on bull and bear crowds alike. Brokers and investment bankers sat around wishing that Congress would hurry up and go home, that the political conventions would hurry up and get over with. In this frame of mind financial circles paid little heed to such developments as a SEC victory in Circuit Court which ordered witnesses to attend hearings and testify; to a 40¢ boost in American Smelting & Refining's annual dividend rate; to steady steel operations and the best percentage gain in electric power output in 26 months.

Consolidated Edison of New York prepared this week to consolidate all its subsidiaries, an action contemplated for a long time but impossible up until a few days ago when Gov. Lehman signed the bill to permit such mergers even though minorities up to 5% of the stock refuse to come along; such minorities, under the bill, will get cash. Edison, as soon as the final details are in shape, will apply to the state Public Service Commission for an O.K. on the deal.

Editorially Speaking—

A TROMBONE soloist in the Metropolitan Opera House Orchestra has died, leaving in his will a \$5 bequest to his son so that he may "buy a book to teach him respect for those to whom respect is due." Such as what book?

THAT certainly is some historical trip the President is about to make through the Southwest and the Middle West. In Arkansas he'll talk about the early history of Arkansas. In Dallas he'll talk about the early history of Texas. He'll visit the Alamo, which he has never seen, and he'll tell the Texans about the Alamo. Then, looping back, he'll stop off at Vincennes, Ind., to tell the Hoosiers about the battle of Vincennes. He'll also tell them about William Henry Harrison and George Rogers Clark. Nothing political in the trip, nothing about Franklin Roosevelt. Just a historian on tour.

AND speaking of Vincennes, how comes it that Miss Harriet Kimmell, daughter of Mayor Kimmell of Vincennes, recently christened the new cruiser *Vincennes* with a bottle of champagne? Surely anyone born to the glorious name of kummel, no matter how spelled, should honor no other drink.

REP. HUDDLESTON of Alabama, a staunch individualist, has done a job of christening after his own fashion. While Miss Kimmell was meekly bowing to tradition by cracking a bottle of champagne over the prow of the *Vincennes*, Rep. Huddleston was cracking a bottle of ketchup over the brow of his opponent in the primary.

MR. FARLEY of Haverstraw, N. Y., having alluded to Mr. Landon of Topeka, Kan., as "the governor of a typical prairie state," Mr. Thurston of Osceola, Ia., a Republican congressman, cries out indignantly that Mr. Farley could not understand anything from Kansas unless he had an interpreter, because "they speak English in Kansas without an accent." Do they? Obviously Mr. Thurston has no ear for accents. Very likely he thinks even Mr. Thurston speaks English without an accent.

A MOMENT ago we were talking and listening to the Gentleman on the Promotion Desk, who speaks English with a Kansas accent. But it is modified by the earlier influences of Nebraska, where he was born, and the later influences of Northwestern University, where he acquired an education, such as it is, and a bride, such as is nobody's business. For the real McCoy we turn to the Gentleman on the Picture Desk. His is the true Kansas accent, a twangy drawl, grim, sardonic, its apparent flatness relieved by faint and subtle inflections.

It is the voice of Kansas, nine-tenths iron filings and one-tenth irony.

P.S. We've just found out that until he was 15 he lived in Missouri. Also that the Nebraskan-Kansan is really a Nebraskan-Iowan. Otherwise all our facts are unimpeachable, more or less.

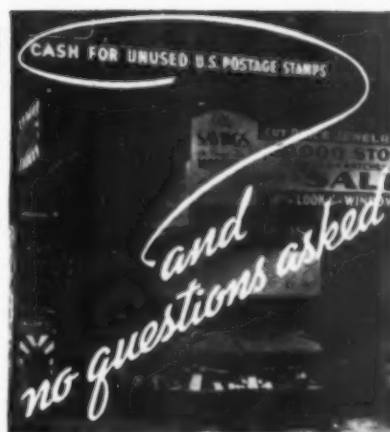
WHERE do they get the idea, these people from Kansas or Missouri or Saskatchewan or Maryland, that they speak English without an accent? From place to place the language varies, now soft, now hard, now clear, now mushy. In only one spot on the globe can you hear flawless English, English sweet and unsullied, the single English without an accent. That spot—need we say?—is Benton Harbor, Mich.

WHEN we first left Benton Harbor to explore such of its suburbs as Grand Rapids, Detroit, and Chicago, we did not dream that anybody but a foreigner would speak English with an accent. We have been shocked since, and deeply grieved. But time has mellowed us, and magnanimously we forgive Messrs. Landon, Farley, Roosevelt, Smith, Hoover, Borah, Glass, and Garner for their sins against standard English, the English of Benton Harbor. We just don't think of accents any more. We are content with our own superiority. And we recommend that every man be content with his, and forget about accents, and look not his neighbor's language in the mouth.

"SINCE the perennial carpet of evergreen grass which lay unmolested upon our expansive prairies for untold centuries like a benediction from a beneficent heaven whereon have trod the hoofs of buffalo and bison—" Well, that's just a sample of a speech by Sen. Bilbo of Mississippi in the Senate. We've quoted from the middle of a sentence that runs 320 words.

"FOSTER is making such an ass of himself, kicking up a fuss because he was not promoted," said Lady Newall at a tea party, and thereupon Air Commodore William MacNeece Foster sued her husband, Air Marshal Sir Cyril Newall, on the ground of defamation of character, and won a judgment for £100. The British take defamation seriously. It would be tough on American husbands if they were financially liable every time their wives made a crack about a business colleague.

SIGN of recovery: congressmen are proposing to annex Canada and buy Lower California and spread out generally. Three or four years ago people were proposing to give the country back to the Indians.



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JUNE 6, 1936

Denying the Plain Facts

A man has built up a business, putting his own money into it as well as other money that he has borrowed, and depending on the business for the means of paying wages, and paying his debts, and paying taxes, and providing for his own livelihood. And this man comes into a United States court and says:

"The government of the United States is trying to drive me out of business by competing with me on terms that I cannot meet. It sells at prices below the cost of production. All the taxpayers, including myself, pay money to make these low prices possible. The government of the United States was created by the Constitution. It has no powers except those expressly bestowed by the Constitution. Nothing in the Constitution authorizes the government to compete with me or to try to drive me out of business. Therefore I pray this court to enjoin the government from such conduct."

A man or a partnership or a corporation that makes a complaint of this sort and is correct in the statement of facts is plainly entitled to an injunction. That is the situation of the 19 public utilities that have sued in the federal and Tennessee courts to enjoin the Tennessee Valley Authority. They are entitled to an injunction if their facts are correct. And everybody knows that their facts are correct. The nine members of the Supreme Court, in their private capacities, undoubtedly know it. But legal proof is required, and the TVA and the Department of Justice will move heaven and earth and the Tennessee River to prevent legal proof of the facts which they know to be correct.

They will deny that the TVA is trying to drive the utilities out of business or even trying to drive the utility rates down. They will persist in asserting that the TVA is merely selling surplus property—namely electric power—that came into the hands of the government as an incidental result of its effort to regulate navigation.

This was the contention the Administration made in the earlier TVA case, decided by the Supreme Court last February. But in that case the complainants were minority stockholders of a single operator, the Alabama Power Co. The new complaint

is made by all the leading companies in the valley. They represent a capital investment of nearly a billion dollars. They plead for their stockholders. They make their fight on a broader ground than the earlier complainants did. They assail the whole policy of TVA and of the legislation under which it was established. They declare that the TVA has not only violated their rights in the abstract but has definitely done them an injury.

The Supreme Court, with Justice McReynolds as the only dissenter, decided the previous case on narrow grounds. It refused to pass on the TVA policy as a whole. But the new case, brought by complainants who charge an actual injury, may result in a broader decision.

Can anyone doubt what that decision would be if the Administration honestly and officially stated what it is trying to do in the Tennessee Valley? The complaining companies assert that TVA is really meant to create "a great federally owned and operated utility, and any references to navigation" are mere pretexts. Can that honestly be denied by President Roosevelt and Sen. Norris and the TVA officials? Is it not proved by their own abundant words? But they dare not stand up and say, "Yes, this is our program." For they know what the answer of the Supreme Court would be.

Labor's Share Of The Recovery Pie

There was an article in our last week's issue that briefly and easily exploded some prevalent fallacies concerning industry and labor. For months the public has been told that industry has monopolized most of the gains during the period of recovery, that industry has handsomely increased its production and its earnings without a corresponding increase in employment and wages. This accusation has

seemed to explain why millions of people are still unemployed, and the public has been inclined to accept it.

But it is an unwarranted accusation. Employment has expanded as much as production. In manufacturing there is 78% as much production as there was in March of 1929, and there is 81% as much employment. In other lines of business the facts are much the same. Moreover, the average hourly earnings are higher than they were in 1929.

It is therefore obvious that labor has received its just share of the recovery pie. Its complaint should be directed not at the degree of its share but at the size of the pie. When the pie is bigger, when world conditions and our governmental policies allow a much stronger recovery, labor's share will increase in proportion.

If the War Debt Question Is Reopened

Sen. Glass has contributed a faint ray of light to the heated discussion of the war debts by a remark during a senate debate with Sen. McAdoo, who, as a war-time Secretary of the Treasury, had much to do with the shipping of American goods—not money—to our allies in the war. "France repudiated her debt to us," said Sen. McAdoo, as a reason for allowing American wine producers to use the celebrated names of French wines; and Sen. Glass, who followed Sen. McAdoo in the Treasury, retorted sharply, "I deny that France has repudiated her indebtedness to this country."

In truth there was no repudiation but an unpreventable breakdown of unworkable machinery. We could not afford to accept payment in goods, which was what the Allies actually borrowed and which was the only thing they could use in continuing their payments. Leon Blum, the new leader of the French government, has said he would like to reopen the question. This does not mean that the former payments will be resumed. It is a hint that all war debts must be greatly reduced as a preliminary to the international stabilization of currencies, in the interest of world prosperity. And whatever is eventually paid will be paid largely in goods. We shall have to decide how much payment in goods we can accept.

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